

BUSINESS WEEK

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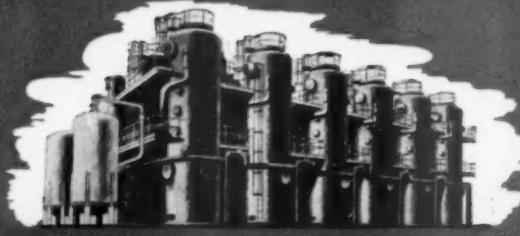
MAY 7 1945



BUSINESS
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ANN ARBOR MICH



UNION CARBIDE AGAIN REPORTS on the production of BUTADIENE for the Government's Synthetic Rubber Program



ONE OF THE MOST IMPORTANT factors in the Government's rubber program is the production of GR-S type synthetic rubber.

The basic chemical in this rubber is Butadiene, which can be made from alcohol or hydrocarbon materials.

The Government's original plan provided that about one third of the required Butadiene would be made by CARBIDE AND CARBON CHEMICALS CORPORATION'S alcohol process.

In 1943, their first year of operation, however, the plants using this process produced over 75 per cent of all Butadiene made for GR-S type synthetic rubber.

In 1944, the second year, these plants produced about 64 per cent of all Butadiene necessary for military and essential civilian rubber. This was true despite the fact that good progress had been made in the production of Butadiene by other processes.

THE RECORD

The first tank-car load of Butadiene was shipped from the Government's Carbide-built, Carbide-operated plant at Institute, West Virginia a little over two years ago.

This was just five months after the famous Baruch Committee Report pointed out this nation's desperate need for rubber—and approved Carbide's butadiene alcohol process, originally selected by Rubber Reserve Company, as one of the solutions.

In its first year the Institute plant, with a rated capacity of 80,000 tons per year, produced enough Butadiene for more than 90,000 long tons of synthetic rubber.

SEPTEMBER 10, 1942

"Of all the critical and strategic materials, rubber is the one which presents the greatest threat to the safety of our nation, and to the Allied Cause.... We find the situation to be so dangerous that unless corrective measures are taken immediately the country will face both a military and a civilian collapse."

—Report of the Rubber Survey Committee
(Baruch Committee).

The material herein has been reviewed and passed by the Rubber Reserve Company, the Defense Plant Corporation, and the War Department.

Two more great plants using Carbide's alcohol process—and built from the blueprints of the Institute plant—are in full production. One of these, with an annual rated capacity of 80,000 tons of Butadiene is located at Kobuta, Pennsylvania and is operated for the Government by another important chemical company.

The second, with a rated capacity of 60,000 tons a year, is operated for the Government by Carbide at Louisville, Kentucky—making the total rated capacity of the two huge plants now operated by Carbide 140,000 tons a year.

In 1944, the production of Butadiene from the three plants using the alcohol process totaled 361,000 tons—representing operation at over 164 per cent of rated capacity. An even higher rate is expected in 1945.

* * * * *

Before Pearl Harbor, the United States was a "have not" nation with respect to rubber. Now, thanks to American research, engineering and production skill, our country can take its place as a dominant factor among the great rubber producing nations of the world.



Business men, technicians, teachers, and others are invited to send for the book **IS** "Butadiene and Styrene for Buna S Synthetic Rubber from Grain Alcohol," which explains what these plants do, and what their place is in the Government's rubber program.

AUGUST 31, 1944

"Undoubtedly the outstanding achievement of your company has been the development of your process for the production of Butadiene from alcohol. With a rather meager background of experimental work, your engineers were able to design and construct commercial units for the production of Butadiene. In an exceedingly short time, the operation of this equipment at capacities up to 200 per cent of rating has been largely responsible for our present safe situation with respect to rubber supplies..."

—Letter from Rubber Director Bradley Dewey to
CARBIDE AND CARBON CHEMICALS CORPORATION

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CARBON—Carbide and Carbon Chemicals Corporation
INDUSTRIAL GASES AND CARBIDE—The Linde Air Products Company, The Oxford Railfreight Service Company, The Penn-O-Lite Company, Inc.



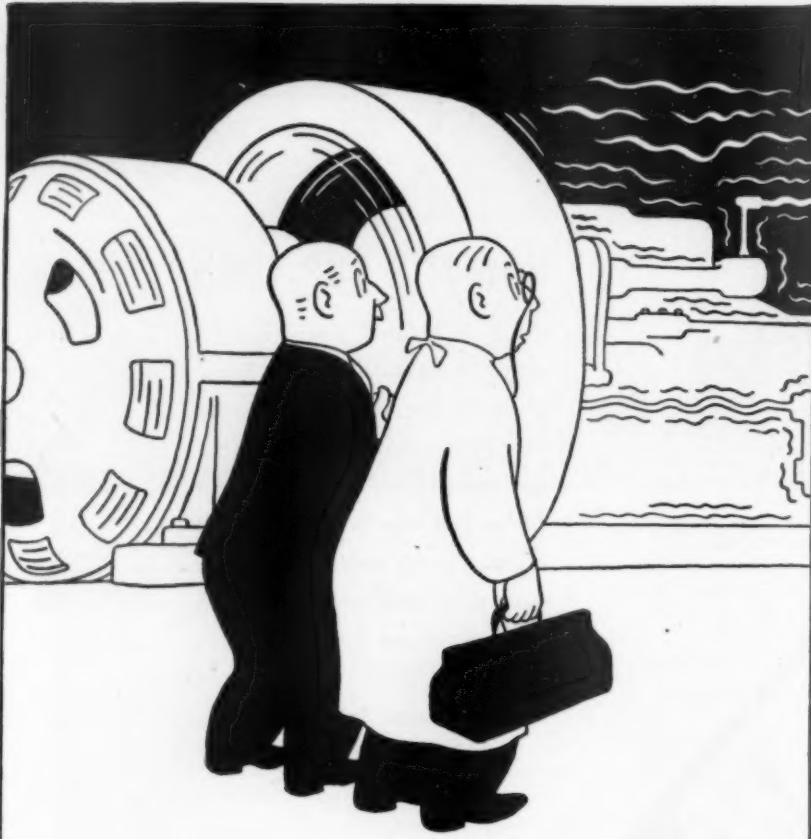
NOW IT'S OUR TURN

Four thousand men died to plant Old Glory on Iwo Jima. Now it's *our* turn to show what that Flag means to us! Let's all get back of the 7th War Loan Drive and buy Bonds to speed Victory and make the Peace secure. Americans are giving their lives on fighting fronts the world over...we can and must lend our dollars.

Press Association, Inc. Photo

BANKERS TRUST COMPANY, NEW YORK





"Looks like it's going into convulsions"

Something serious is happening to this engine-generator. No wonder! It's been running and running since long before Pearl Harbor—like thousands of generators, turbines and boilers in war plants all over America—with little time out for servicing.

This situation will get no better in the war months ahead. So it makes good sense that you should find out right now the present condition of your own power equipment—what is needed to keep it operating safely. Much of it may be irreplaceable until well into peacetime. You can help preserve what you have by using the protective features of Hartford Steam Boiler insurance.

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of engineers draws upon the wide experience their Company has gained in 79 years of specializing in this one highly technical line. Hartford Steam Boiler has, by far, the country's largest field staff devoting full time to power-plant inspections—helping to prevent accidents by searching out the conditions that would cause trouble. Field men are strategically located so they can be reached quickly in an emergency.

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PUBLISHER
Paul Montgomery

BUSINESS WEEK • MAY 5 • NUMBER 80
(with which is combined *The Annalist* and *The Magazine of Business*). Published weekly by McGraw-Hill Publishing Company, Inc., James H. McGraw, Founder and Honorary Chairman. PUBLICATION OFFICE 99-129 NORTH BROADWAY, ALBANY 1, N. Y. EDITORIAL AND EXECUTIVE OFFICES, 330 W. 42ND ST., NEW YORK 18, N. Y. James H. McGraw, Jr., President; Howard Ehrlich, Executive Vice-President for Business Operations; John Abbink, Executive Vice-President for Editorial Operations; Curtis W. McGraw, Treasurer; J. A. Gerardi, Secretary. Allow ten days for change of address. About subscriptions address: J. E. Blackburn, Jr., Director of Circulation, *Business Week*, 330 West 42nd St., New York 18, N. Y. Subscription rates—United States, Mexico, and Central and South American countries \$5.00 a year. Canada \$6.00 for a year. Entered at second class matter December 4, 1938 at the Post Office at Albany, N. Y., under the Act of March 3, 1879. Return postage guaranteed. Printed in U. S. A. Copyright 1945 by the McGraw-Hill Publishing Company, Inc. Please indicate position and company connection on all subscription orders.

WEEKLY WASHINGTON BULLETIN

MILITARIZATION SPEEDUP

By writing off the German war, Washington officials this week from President Truman on down were hustling to keep domestic policies abreast of the military situation.

Week's decision to trim munition production without waiting for a V-E Day declaration (BW-1945, p.5) already had thrown the country into high gear, and this week its pace accelerated (page 15).

WPB is by no means the only agency to face a V-E Day problem. Every branch of the government is overhauling its plans and adapting them to war on a one-front

sorship, anticipating the end of blanket censorship in some areas;

\$43,700,000 from the Federal Security Administration, representing abandonment of its worker training program;

\$1,598,000 from the War Manpower Commission;

\$3,300,000 from the Office of Defense Transportation.

In a budget of \$83,000,000,000 (proposed for the fiscal year ending June, 1946), these cuts will scarcely be noticed, but they are the forerunners of the big reductions in government expenditures that will come when the transition to one-front war is complete.

Plan Unfinished

Washington's pace is particularly slow because in spite of months of planning and preparation, the final stage of removing production controls is incomplete when the big break is to come in Europe. WPB's first draft of the main portion had been approved by all the government agencies entitled to take a whack at it, but there will be some time before the final product will be ready for announcement.

One of the difficulties is that WPB's V-E Day plan was based on the assumption that industry's V-E would be a definite date instead of a more or less prolonged period during which munitions cutbacks would affect.

Shipbuilding

Shipbuilding's collapse, of course, will be one of the inevitable cutbacks. After Truman recommended to Congress that it cut \$3,100,000,000 of appropriations and \$4,265,000,000 of contract authorizations off funds currently available to the Maritime Commission for completion of its shipbuilding programs.

Cutbacks, Too

Various administrative agencies in Washington will also feel the pruning knife, for among other 1946 budget items that Truman recommended were the following:

- \$100,000 from the Office of War Information, reflecting the end of psychological warfare in Europe;
- \$100,000 from WPB, on the grounds that abandoning controls will simplify its job;
- \$800,000 from the Office of Cen-



TO THE WHITE HOUSE

When Edward D. McKim (above), Omaha insurance executive, was sworn in this week as President Truman's chief administrative assistant, Washington knew that the "passion for anonymity" which Roosevelt sought in his administrative assistants would characterize Truman's appointees too. For years McKim has been the President's shadow. Their friendship started in the last war. When Truman was plunged into the presidency, McKim left his post as executive vice-president of the Mutual Benefit Health & Accident Assn. in order to come to Washington.

Washington's Manpower Problem

War agencies, like war plants, are worried about losing personnel too fast—before the eventual reduction in the scale of their operations can take effect. Truman appealed this week to all key executives to stay on the job as long as needed, but many are already looking for a place in the reconversion pastures.

TRANSITION

The whole problem of transition from war to peace is one that is seen now in new perspective—a perspective that was hard to capture until German capitulation became inevitable. Consequently, the Byrnes "reconversion report" (BW-Apr. 7 '45, p.15) and other official utterances of only a month or so ago seem ultraconservative.

When it was written, Administration officials were not inclined to stick out their necks, and they shaded their own personal opinions on the extent to which the telescoping of two wars into one would relieve the burden on the civilian economy. Then too, they were concerned with maintaining the war effort undiminished.

Pegged to V-J Day

This was, if you like, propaganda—and it will not end, just because of the German collapse. Now it will be tied to V-J Day, instead of V-E Day. But actually the transition from war to postwar begins long before victory is won. It can be argued that it really began in November, 1943, when industrial war mobilization first reached the all-out plateau.

V-J Day will bring the last big step in that transition. That's when the shock absorbers will first really be needed. With probably 900,000 servicemen coming back every month, reabsorption will be a big worry, eased in part as the civilian replenishment boom gets in full swing.

The crucial period will come still later—maybe five or more years from now. Only then, in the true "postwar" period will the country face the test of its ability to maintain full employment.

FOR MEAT: A NEW PROGRAM

Rumors of the appointment of a "meat czar" or of a merger of OPA's food price-rationing functions with

Do you know...?

What will happen to surplus war machinery?

What's the quickest way to make colored charts?

How do soldiers identify shells in canisters?

#15



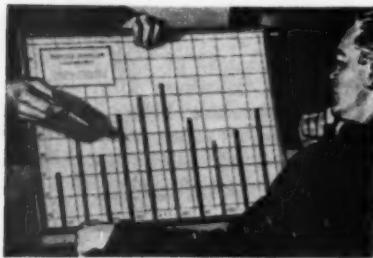
Q. About what percentage of the equipment built to produce war materials will be useful for peacetime production?

10% 50% 90%

A. Experts estimate that about ninety percent of the machinery and tools built to produce war materials can be converted to peacetime use. Of the remaining ten percent, some may have to be

junked, but the major portion will be stored away for future use.

In packaging machinery and parts for storage, care must be exercised to protect metal surfaces against corrosion, and in the connection Permacel moisture-proof cloth tape (Utilitape) plays an important role. Today used to package planes and tanks for overseas shipment, this tape protects against outside moisture perfectly—is unsurpassed for ruggedness combined with flexibility.



Q. This production chart was made with:
 Colored paper Colored tapes
 Colored pencils

A. Chart was made with Permacel's companion, Texcel cellophane tape, which is made in a variety of colors as well as in a transparent form. Colored Texcel is also widely used to identify fuel lines and wires. Transparent Texcel has many office uses—mends torn letters and ledgers, seals packages, eliminates fuss with messy glue or strings.



Q. They know what kind of shells are in these canisters by:
 Color of canisters Shape of canisters
 Tape seals

A. Colored, imprinted Permacel cloth tape (Jonflex) serves to identify shells in canisters and hold canisters together. This rough, quick-sticking tape is used today on many other ordnance items, and after the war will prove invaluable to manufacturers of peacetime products for use in sealing and identifying.



Q. The title of this booklet refers to:
 Electricity Pressure-sensitive
 Wrenches

A. Pressure-sensitive tape. This booklet shows how Permacel Industrial Tapes help production and cut costs all along the production line. Illustrates and lists many uses that may prove helpful in your business during conversion and after. Write for free copy today: Dept. BW-15, Industrial Tape Corporation, New Brunswick, N.J.

IMPORTANT: Our research laboratories are at your disposal for development of special tapes to meet war and postwar needs.

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WASHINGTON BULLETIN (Continued)

od Administration wilted this following publication of the re- the Anderson committee (House ce investigating food short- and Truman's forthright pub- tage of OPA.

report divides the blame for more or less equally among OPA, and the Army. It calls "coordination" in production, distribution, rationing, and pricing of Democratic members of the committee refused to go along with the demand that food be vested in a "single authority." The committee recommendations "first priority" for food in man- and machinery; a subsidy for feeders (long favored by OPA, proposed by WFA); further subsidies necessary to assure "fair and ample margins" at every level of production and distribution

(BW-Apr.28'45,p19); a higher support price on hogs; expansion of cold storage facilities; separation of meats and fats rationing; "special inducements" to producers of sugar, poultry, and fish.

TRUMAN HOLDS THE LINE

President Truman will have to move forcefully in the meat crisis if for no other reason than to take the heat off OPA. Extension of the price-wage stabilization law, which expires June 30, already has been delayed, with the Senate Banking subcommittee holding up its report on renewal legislation pending full airing of the pros and cons of the meat shortage by other congressional committees.

Truman intervened personally in OPA's behalf this week, with a word of "deserved commendation." Irresponsible

criticism, said the President, should not be allowed to undermine public confidence in a "hard-working wartime agency."

Stabilization chiefs previously received Truman's private assurances that he would continue to hold the line. He made it clear this week that recent bending of the wage line—on coal, textiles, and steel—does not mean that it will be abandoned.

IN DEFIANCE OF McKELLAR

President Truman's decision to re-appoint David E. Lilienthal as chairman of the Tennessee Valley Authority is a red flag to a small but influential group of Senate Democrats and Republicans. At their head is truculent Sen. Kenneth D. McKellar of Tennessee, who has carried on a personal

Patent Law Reforms Get Green Light From Truman

Modernization of the patent laws to curb recognized abuses has been put on the legislative "must" list of the Truman Administration. The President's request that Secretary of Commerce Henry Wallace complete a study of the problem, and submit specific recommendations, indorses a similar request made by Roosevelt several months ago. Experts in the Commerce and Justice departments have completed the spade work, but Truman could have allowed the whole thing to drop.

Conway P. Coe, Commissioner of Patents, is expected to resign to give Wallace and his advisers a clear field.

Committee of Experts—Observers agree that there is nothing countervailing to the committee which Wallace has named to prepare a final report. Economic Stabilization Director William H. Davis is one of the country's leading patent attorneys and is rated a conservative influence. Mr. Charles F. Kettering, automotive inventor, is chairman of the National Patent Planning Commission. Dr. Vannevar Bush is director of the Office of Scientific Research & Development.

Any recommendations by Kettering and Bush are expected to follow the program advocated by the commission in 1943 (BW-Jun.26'43, p.32). This is moderate by compari-

son with proposals advanced by the Justice Dept. in the pending Voorhis bill. These would render unenforceable patents which have been illegally used, allow the government to intervene in behalf of defendants in infringement suits, permit determination of the validity and scope of patents in antitrust proceedings, require registration of patent agreements with the Justice Dept.

Significantly, hearings on the Voorhis bill are not being continued.

The Justice Dept. is nominally represented on Wallace's committee by Attorney General Francis Biddle, but the assignment actually is being handled by Wendell Berge, Antitrust Division head.

Must Reconcile Views—One of the committee's vexing problems will be to reconcile the views of the Justice Dept. and the Patent Planning Commission. Without a deadline the committee might never reach accord, so Wallace set one—June 30.

Recommendations of the Kettering commission constitute the minimum legislative objectives which the Wallace committee can suggest. These aim to preserve the fundamentals of the present patent system, while preventing abuse of the rights conferred by patents. To expose secret and illegal agreements, all patent agreements would be recorded in the Patent Office. Rejecting broad

compulsory licensing, the commission suggests a statutory limit on infringement damages where use of a patent is necessary to national defense, public health, or public safety.

New Powers Suggested—The commission favors specific provisions permitting cancellation proceedings to be started in the Patent Office. At present the Patent Office itself is powerless to withdraw or cancel an issued patent.

Most fundamental of the commission's proposals is designed to remove the uncertainty which clouds the validity of every patent, due to lack of a "uniform test or standard" whereby the Patent Office and the courts can determine whether an invention deserves a patent. The commission recommended enactment of a "declaration of policy that patentability be determined objectively by the nature of the contribution to the advancement of the art, and not subjectively by the nature of the process by which the invention may have been accomplished."

Penalty Proposed—The commission also urged enactment of the long-pending 20-year bill, which would penalize inventors who seek to delay issuance of their patents in order to prolong the patent grant. The bill would limit the term of a patent to 20 years from the filing date.



*Symbol and a FIDELITY Machine that makes garden hose better and faster



This vertical type FIDELITY Hose Reinforcement Machine knits yarn or cord reinforcing over inside rubber tube at speeds up to 10 feet per minute. Interchangeable

knitting heads adapt the same machine to hose of several diameters, give your hose unusual flexibility because of action-free construction and uniformity of single or double stitch.

Both vertical and horizontal types give you these extra advantages: 1. Low power cost — $\frac{1}{2}$ HP individual motor drive; 2. Increased output without extra work for operator or additional floor space; 3. Gear changes to control the stitch size and spacing; 4. Reinforcement may be applied over rubber tube with cotton alone or with cotton and spiral wires; 5. Noiseless, easy operation; 6. Automatic stop-motion; 7. Easy maintenance.

FIDELITY Hose Reinforcement Machines are used in making Garden, Brewery and Dairy Hose; Radiator, Windshield Wiper, Vacuum Cleaner and other special Hose. Write for Special Bulletin.



The feeling of strength, speed and control is superbly expressed by this stone lion at the entrance to Chicago's famed Art Institute.

PRECISION MACHINES •



3908-18 Frankford Avenue, Philadelphia 24, Pa.

feud with Lilienthal for many years.

As president pro tem of the Senate, McKellar sits in the President's cabinet. He is acting chairman of the powerful Senate Appropriations Committee and chairman of the Post Office Committee, through which all postmaster nominations—the backbone of presidential patronage—must pass.

Truman ignored repeated requests by McKellar to ditch one of the New Deal's prize career men. A fight by the Tennessee senator to defeat Lilienthal's nomination almost certainly will fail, but among colleagues who wouldn't vote against Lilienthal personally, McKellar is likely to win considerable support for the Byrd-Butler bill that would tie up the funds of TVA as well as other government corporations and independent agencies.

CAPITAL GAINS (AND LOSSES)

When President Truman nominated Robert Hannegan, chairman of the Democratic National Committee, for the traditional role of Postmaster General this week, he took his first step towards nomination in 1948. Truman is Hannegan's man—the man he made vice-presidential nominee at the Chicago convention last July.

Criticism of the so-called labor-management charter which Eric Johnston, president of the U. S. Chamber of Commerce, William Green, president of A.F.L., and Philip Murray, president of C.I.O., launched several weeks ago (BW—Apr. 7 '45, p80) proved no obstacle to Johnston's election for a fourth term this week.

—Business Week's Washington Bureau

THE COVER

Marching behind the flags of the Big Three, we beat a war song into a peace song, turning back on the broken Nazis that "Heute Deutschland, morgen die ganze Welt" which they chanted in 1940 when it was "Today Germany, tomorrow the whole world," for conquest.

On the lips of the people of the United Nations it has become, "Today Europe, tomorrow the world, for peace." And, today, the American-British-Russian alliance is restoring Europe to peace.

But, as we grasp at a victory, our men still die and still question us. How quickly can we bring that tomorrow when flags will march in Asia as they have in Europe, and the long agony will be ended?

Today, lest we forget, it is only Europe.

Tomorrow, the world!

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Do you still need 1945 facts and figures to help your business in New York State? Before you climb on a train that's already groaning under the war load, suggest that you check with Marine Midland.

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THE OUTLOOK

BUSINESS WEEK
Y 5, 1945



Stock-taking at this decisive stage will reveal trends in American business that few people have had time to note in the last 41 months.

Even as the focus shifts from Europe to the Pacific, it is well to note that economy of manufacture and distribution once again becomes a guiding precept.

We are on the threshold of the competition in which new materials tackle old markets, new processes challenge established methods. Your eventual postwar position in your field may depend on decisions made right now.

New price relationships between one metal and another, between metals and plastics, and between plastics and ceramics will emerge after victory in the Pacific.

And it won't be just a matter of prices to most industries. There will be factors of machinability; then, too, there will be the question of new methods of forming, stamping, welding (page 58). All affect costs.

The new world of electronics—radar for blind navigation, new X-rays to inspect the interior of thick pieces of metal—is unfolding.

Synthetic fibers will compete with one another and with silk for the hosiery market. The new synthetic rubber industry will have to shake down into its relationship to the natural product.

Union labor's place in the national scene has changed enormously during the war; even before Japan's fall, new-won strength will be tested (page 96).

Union leaders themselves don't know how much of their gain they can hold when war-nurtured cooperation with management disappears. Compromises of the war period will become peacetime battlegrounds.

Maintenance of membership has only delayed the unions' drive for the union shop; wages set by formula soon will be reset by negotiation.

While the returning veterans will displace many union members, it is generally doubted that this will develop into a union-busting campaign.

Distributive channels after the war will have undergone far-reaching changes. Dealers will have tied to new suppliers, manufacturers will have ditched weak outlets, and there will be permanent changes in price lines (page 86).

These things won't show up sharply until price and distribution and inventory controls begin to vanish; how soon that will be is hard to guess now, but it is sure that restiveness gradually will rise to the point where it will be hard, practically and politically, to keep the lid on.

Most difficult period for price control will be when goods once more become available, but there isn't enough to satisfy demand backed by ready cash.

The course of business from now until the fall of Japan can be fairly well charted (page 15), but there are strong doubts about what lies beyond.

Most of those charged with smoothing the way for postwar prosperity seem to feel that they must be prepared to combat deflation after final victory. But they want to retain anti-inflation controls in case they are too successful in the fight on deflation.

Thus the proposals generally are for liberal **tax reductions** once the war in the Pacific is won but little relief until then; for planning a fairly broad program of **public works** in case of need and, of course, preventing a start on

THE OUTLOOK (Continued)

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such projects prematurely when pockets of unemployment appear; for liberalizing the floors under **farm prices** while keeping the lid tight now; for expanding **unemployment benefits** for those who stick to their war jobs until the Japanese are beaten.

One inconsistency is the tendency of the planners to favor rising **wages** now for fear pay can't be pushed up when purchasing power is needed. This tends to narrow present **profit margins**, slowing reconversion.

Retard reconversion now and you increase deflation dangers later.

•
Speed in disposal of government-owned surpluses will be one method of preventing trouble in the transition to a peacetime economy.

The first big surplus declarations, however, will be used for damaged goods, mostly weapons. The Army has had them tagged surplus for some time but has been afraid to let it be known until Germany was overcome.

Manufacturers will be more interested when surplus raw materials and components become available as the result of termination of war contracts.

These will be extremely useful in reconversion if marketed promptly.

•
Food shortages probably are being overstated in this country now as much as were munitions pinches last January and February.

Europe will need vast supplies of food only until harvest time. When this becomes generally known, domestic consumers will howl about present restrictions and Congress will take up the cry.

Most of Europe was wrested from the Nazis in time to plant a crop. In France, for instance, prospects are for a pretty good harvest (page 111).

The main trouble is that Europe's crops will be mostly starches. Our surpluses also are mostly starches. All hands are short on meats, dairy products, edible oils, and sugar. Americans won't give in gracefully.

Meanwhile, there is a largely unnoticed factor. Our troops in Europe will need much less reserve food supply while garrisoning beaten Germany than they did while under battle conditions.

Best bet is that supplies at home will be much more liberal by fall.

•
Furniture makers continue to give a remarkable performance under adverse conditions. Shipments in the first quarter of 1945 topped a year ago by 5%.

Manufacturers insist, though, that they now really have reached the end of their rope, that even ingenuity is about exhausted.

Though they might get around lumber shortages as metals become more plentiful, there is no such obvious answer on textiles. WPB now determines the end-use of most yarns, and it has no priorities for upholstered chairs.

•
Raw materials producers often sense shifting trends before other sections of industry, so a certain mild confidence in the copper trade is not to be dismissed lightly.

Two weeks ago, copper producers were long-faced. They were feeling the cutbacks in ammunition and artillery shells.

Now they say that relaxation of WPB orders is bringing speedy results. First help comes from removal of restrictions on manufacture of telephones and some other types of communications equipment.

This may replace some of the imminent cutbacks in Army field wire.

FIGURES OF THE WEEK

THE INDEX (see chart below).

PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
Steel Ingot Operations (% of capacity).....	95.8	93.2	96.9	94.9	99.5
Production of Automobiles and Trucks.....	20,045	20,335	20,335	21,035	16,345
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$6,402	\$6,103	\$5,639	\$5,785	\$6,372
Electric Power Output (million kilowatt-hours).....	4,416	4,411	4,329	4,358	4,336
Crude Oil (daily average, 1,000 bbls.).....	4,805	4,798	4,781	4,741	4,431
Bituminous Coal (daily average, 1,000 tons).....	1,820	1,712	1,975	1,975	2,035

TRADE

	86	86	86	88	82
Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	58	55	50	63	58
All Other Carloadings (daily average, 1,000 cars).....	\$26,074	\$26,068	\$25,834	\$24,216	\$21,396
Money in Circulation (Wednesday series, millions).....	+18%	+3%	+25%	+8%	-11%
Department Store Sales (change from same week of preceding year).....	20	24	28	15	41
Business Failures (Dun & Bradstreet, number).....					

PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931=100).....	256.7	256.5	255.3	248.2	249.5
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939=100).....	166.5	166.4	166.4	163.1	162.6
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939=100).....	227.7	227.0	226.4	224.6	221.9
Finished Steel Composite (Steel, ton).....	\$57.55	\$57.55	\$57.55	\$56.73	\$56.73
Scrap Steel Composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$15.75	\$19.17
Copper (electrolytic, Connecticut Valley, lb.).....	12,000¢	12,000¢	12,000¢	12,000¢	12,000¢
Wheat (Kansas City, bu.).....	\$1.67	\$1.64	\$1.66	\$1.61	\$1.64
Sugar (raw, delivered New York, lb.).....	3.75¢	3.75¢	3.75¢	3.75¢	3.74¢
Cotton (middling, ten designated markets, lb.).....	22.40¢	22.30¢	21.78¢	21.39¢	20.95¢
Wool Tops (New York, lb.).....	\$1.340	\$1.340	\$1.340	\$1.340	\$1.294
Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	22.50¢

FINANCE

90 Stocks, Price Index (Standard & Poor's Corp.).....	117.2	115.9	108.9	101.5	94.6
Medium Grade Corporate Bond Yield (30 Baa issues, Moody's).....	3.33%	3.36%	3.39%	3.54%	3.66%
High Grade Corporate Bond Yield (30 Aaa issues, Moody's).....	2.61%	2.61%	2.60%	2.73%	2.73%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	1%	1%	1%	1%	1%

BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks.....	39,099	38,603	37,347	37,438	34,524
Total Loans and Investments, reporting member banks.....	57,058	57,291	57,797	54,088	51,064
Commercial and Agricultural Loans, reporting member banks.....	5,938	5,958	6,088	6,183	6,069
Securities Loans, reporting member banks.....	2,767	2,687	2,698	2,474	1,937
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks.....	42,854	43,143	43,565	40,092	37,834
Other Securities Held, reporting member banks.....	3,073	3,092	3,052	2,889	2,867
Excess Reserves, all member banks (Wednesday series).....	800	800	900	783	640
Total Federal Reserve Credit Outstanding (Wednesday series).....	21,310	20,973	20,074	17,899	13,485

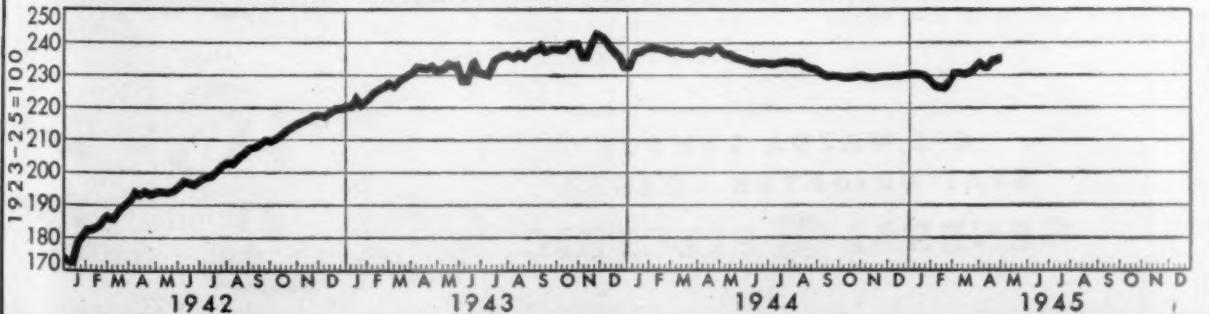
*Preliminary, week ended April 28.

†Revised.

‡Ceiling fixed by government.

§ Date for "Latest Week" on each series on request.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY



While the amount
of light they give
has been going up...

the cost of G-E
lamp bulbs has
been going down

IT may not look like it, but this is the picture of a research achievement.

For many years, prices of General Electric lamp bulbs have been going down. In 1923, for example, the popular sixty watt size cost forty cents. Today it's only a dime (plus tax). But that's just half the story:

Today's sixty watt G-E lamp gives you over 50% more light for the same current, thanks to General Electric lamp research!

This is but one example of how General Electric lamp research has given you better and better lamps at lower and lower prices. Other G-E lamps, both incandescent and fluorescent, have followed the same pattern.

So whenever you buy lamps for home or business, look for the General Electric monogram. It's your assurance of the best lamps research can produce. Lamps that give you good light at low cost.

The Constant Aim of G-E Lamp Research—To Make

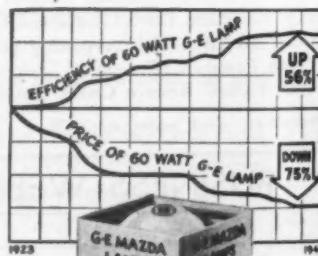
G-E MAZDA LAMPS

STAY BRIGHTER LONGER

GENERAL  ELECTRIC

Hear the G-E radio programs: "The G-E All-Girl Orchestra," Sunday 10:00 p.m. EWT, NBC; "The World Today" news, Monday through Friday 6:45 p.m. EWT, CBS; "The G-E Houseparty," Monday through Friday 4:00 p.m. EWT, CBS.

BUY ANOTHER BOND THIS MONTH!



The Changed Picture: Business

While a big and costly war job remains, climax in Europe is industrial transition to peacetime production and brings front face to face with the challenge of reconversion.

In the final cleanup in Europe, reversion of industry to production of peacetime goods finally is about to begin in earnest.

There remains, of course, a big war job—one that will be sad and costly [120]. But the colossal task of getting the men and munitions for two wars at once has ended.

Question of Time—The problems of winding the war economy aren't tossed off lightly. Yet observers out of Washington generally are convinced that the transition period to the end of the European war to the end of the Pacific presents no insurmountable obstacles.

It is, providing the Japanese don't drop suddenly. If the transition were to be only four to six months, it is recognized that demobilization would threaten deep unemployment and inflationary spiral.

But No Crisis—Reconversion is planned, however, on the assumption that the transition will take about 12 months. For that year, Washington talks of a 35% cutback in munitions output, privately of 50%.

While 50% sounds big, slack will be taken up rapidly by reconversion. It is true if Business Week's index of

business activity will decline below 190 from the present 235 or that national income will be off more than \$15,000,000,000 from the current annual rate of \$160,000,000,000. Maximum foreseeable unemployment is about 5,000,000 and the probable nearer 3,000,000.

• **Demand: Promise and Threat**—Biggest sustaining factor in the economy—and the gravest inflationary threat—is unsatisfied consumer demand backed by high earnings and huge savings. Reconversion won't begin to satisfy all wants in the coming year.

Automobiles will be coming off production lines in a trickle late this year, with refrigerators, washing machines, and vacuum cleaners attaining fair volume much sooner. But supply will barely dent demand in the space of a year. Favorite foods and many textile items, too, will continue short. That is why price control will face such a severe test now that the patriotic fervor that goes with all-out war is diminishing.

• **The Look Ahead**—Here are some dominant factors that will determine the course of business between the ends of the two wars:

Cutbacks—What we loosely call "cutbacks" may be of three kinds: (1) reduction or cancellation of contracts on

CLIMAX COMES IN EUROPE

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which production has not yet started; (2) runoffs without replacement orders; and (3) cancellation of work in process. All three mean cancellation of advance orders for raw materials such as steel, copper, and aluminum.

Efforts already have been made to call off work that hasn't commenced if the products no longer are needed in the quantity heretofore projected. Avowed policy is to let contracts-in-process run off rather than cancel if such a course is practicable.

The effects of the shift from a two-front to a one-front war already are becoming apparent. The Navy has eliminated ships for which keels had not yet been laid. The Maritime Commission, whose program is rapidly declining (800



with a rendezvous: From the south, Alexander; from the east, Zhukov; from the west, Eisenhower.

ships in the first half of 1945, 400 in the second), had decided against the building of a bunch of tankers. Army has lopped off projected increases in tanks and ammunition, will cut aircraft output (by weight) 17% from its present level by the end of 1945, and will shortly slash "critical" programs such as dry-cell batteries and field wire. Three months from now, there will be very few "critical" programs left.

Contract Termination—In the next few months, war contractors will get their first real bruises from cancellations. Although terminations have been averaging about \$1,200,000,000 a month for the last year, new government orders have replaced most of the lost business. Consequently, contractors often have been willing to settle on a no-claim basis and charge losses against taxable income.

Now, however, the prospect is that the rate of cancellation will step up to between \$2,000,000,000 and \$3,000,000,000 a month—and there won't be new war orders coming in. Not only will quick cash settlements be needed to tide manufacturers over into civilian production, but the problem of plant clearance also will stare us in the face.

Authorities think they have solidified policy, worked out plans in the last nine months of experience. Yet they admit a few contractors will be hurt in the full-scale shakedown.

WPB Controls—Lifting of most "L" (limitation) and "M" (materials) orders will come soon—much sooner than we have been led to believe (BW—Apr. '45, p9). A handful of such orders was killed off over the week end.

Aid will be given, at the outset, mainly to the most vital civilian lines—transport, utilities, fuel, food production and preservation, health supplies.

The Controlled Materials Plan probably will be open-ended within a matter of weeks so that all comers may buy steel, copper, and aluminum as long as deliveries don't get in the way of high-priority stuff for the Pacific war. Quick action will come simply because WPB is convinced that cutbacks will be deep enough in the next three months so that anybody with facilities and manpower can be given the materials to start on reconversion.

There will be two priority bands, a top one to see that the Jap war comes ahead of everything else, and a second to protect most pressing civilian needs and, if need be, to curb "preclusive buying" by those who want to put their competitors at a disadvantage on materials. The AAA priority rating will continue to be used to break bottlenecks, and small concerns may ask local WPB offices for on-the-spot assistance.

Spot Authorizations—WPB has re-



And from the north, Sweden's Count Folke Bernadotte—intermediary No. 1.

vived last summer's plan of giving individual manufacturers the go-ahead and is broadening the list of products that Priority Regulation 25 said might be authorized. However, the feeling is general that spot authorizations will be unnecessary within a few weeks, that manufacturers can go it on their own when CMP is open-ended.

Demobilization—Navy's primary job for a long time has been the Pacific war, so it will reduce its personnel little if at all. Army will demobilize men slowly over the next three months, partly due to needs in the Pacific, partly due to the indeterminate size of the occupation force, but most particularly due to the fact that the wounded and freed prisoners (who won't be mustered out immediately on return) will get first priority on returning planes and ships.

Besides, when the return flow accelerates, the Army will be slow to discharge able-bodied veterans if there is any indication that the Japanese war is going to lag. Maximum demobilization within a year will be about 3,000,000 (even allowing for political pressures) and it may possibly be as little as 2,000,000.

Manpower—Unemployment will not become a problem, barring a sudden end to the Japanese war. There will be islands of joblessness, some of them looming large, in the next three months. Over a full year, however, cutbacks running to 50% theoretically would displace 5,000,000 in munitions plants in the next year. Add to that a maximum discharge of 3,000,000 veterans plus about 1,000,000 now without jobs, a total of 9,000,000.

Reconversion will take up at least

2,000,000 within a year, even if munitions plants let on 4,000,000 and the Army 2,000,000 more. That would mean a maximum unemployment of 5,000,000 which is not considered dangerous.

If munitions plants let on 4,000,000 and the Army 2,000,000, then unemployment won't top 5,000. And these calculations make a maximum allowance for absorption of veterans into lines now short of work.

Wages—Unions will fight for pay—and expect Administration

A significant drive will be for retention of the traditional regional differentials within individual industries. Southern textile mills, for example, try to get the hourly scale back below northern competitors; on the other hand, will push to maximum scales in low-wage areas, to force up elsewhere (page 100).

Friction will develop, too, over from the 48- to the 40-hour week, already has won permission to the cut in Detroit.) Unions are spreading the work, all right, but will balk at reduction in weekly checks. "Unauthorized" stoppage be frequent.

The extent to which Washington will go down the line for labor is to be seen, even though President Truman has endorsed a high-wage, low-economy as the prosperity touchstone.

Consumer Spending—Americans aged to spend a record \$97,500,000 in 1944 despite scarcities of goods, rate of expenditure apparently rising; the next twelve months duplicate or even top the 1944 total.

The amount of spendable cash will begin to recede shortly, but it will go down in anything like direct proportion to the dip in employment; non-spending decline as fast as expense receipts. Federal payments to discharged servicemen will rise as will state payments for unemployment compensation. Then, too, people who are out of work will tap their savings.

Goods will become scarcer in the next few months; services certainly will be no more plentiful. But the turn-around will come by next autumn, and there is a chance that further price rises (visible and hidden) may increase the amount spent to get wanted goods and services.

Savings—Since Pearl Harbor, individuals have added more than \$100,000,000 to their \$50,000,000,000 war nest egg. Nearly \$40,000,000 of the addition is in war bonds. People have been reducing their debts, for example, consumer credit has dropped from above \$10,000,000 in 1941 (before the Federal Reserve clamped down) to about \$5,500,000 now.

Japan: How Soon?

Japan's plants bombed, supply cut, sea and air power used, foe will be forced in "strongest reserve."

Leyte, Iwo, and Okinawa year's progress of U.S. arms in the Pacific to Japan's doorstep, looking from Europe to Asia, combined Chiefs of Staff see war machine already on the but marshaling strong reserves stand in the bastions of a empire.

Losses—Nippon's naval fleet first to go. In three years of 400 of its craft have been what remains "could be han- by any of our several major according to a U.S. Navy

ings of Japanese merchant ships surpassed the nation's produc- 1,000,000 tons a month. Official place losses at 3,000,000 tons and 1943, almost that much in and double the 1944 rate so far as Allied airpower joins an submarine fleet.

Power Decline—Japanese airpower to tailspin this year. In two and years to mid-1944, aircraft de- totaled 12,000; this many more been lost in the last seven months. Chester W. Nimitz last week that Japan's current plane were exceeding production, esti- at 1,500 to 2,000 aircraft of all

Materials Cut—As for industrial mate- Adm. Frank D. Wagner asserted month that 90% of Japan's flow of es from Malaya and the East Indi- been cut off by American air- applied in the last three months. week, Lt. Gen. Claire L. Chennault that the enemy's newly won rail link to the south through has been similarly and effectively

Country Bombed—B-29 and carrier- air smashes at Japan's home in- are now destroying war plants than they can be replaced. Half of industry has been put out of action.

Manpower Losses—Japan's military have been conservatively estimated to the end of 1944—over 100,000 last year and the majority of in the second half-year. Other hundreds of thousands have been by- and lost to the enemy. The ed-up rate of manpower attrition been sustained in 1945, and now

exceeds the rate at which going men reach military age each year.

• **Loser's Advantages**—While Japan's naval fleet is possibly the weakest of its remaining arms, the area for the fleet's use is by now greatly reduced, and in the type of vessel most needed for defense—the submarine—its strength is proportionately greater.

So, also, the enemy's shrunken cargo fleet is still adequate to ply the inner-sea ship lanes to which Japanese supply is now increasingly limited.

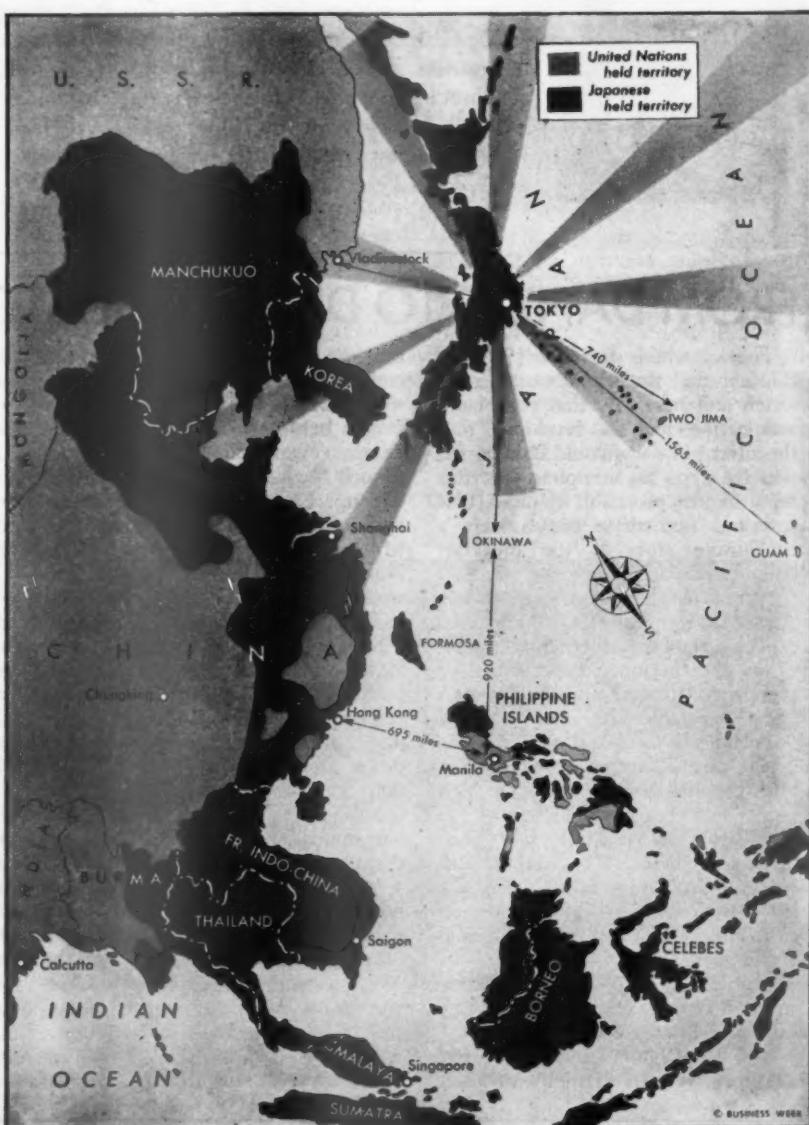
Air force reserves, however, are difficult to accumulate, because of the obsolescence factor. And airpower now is the weak link in Tokyo's defense chain.

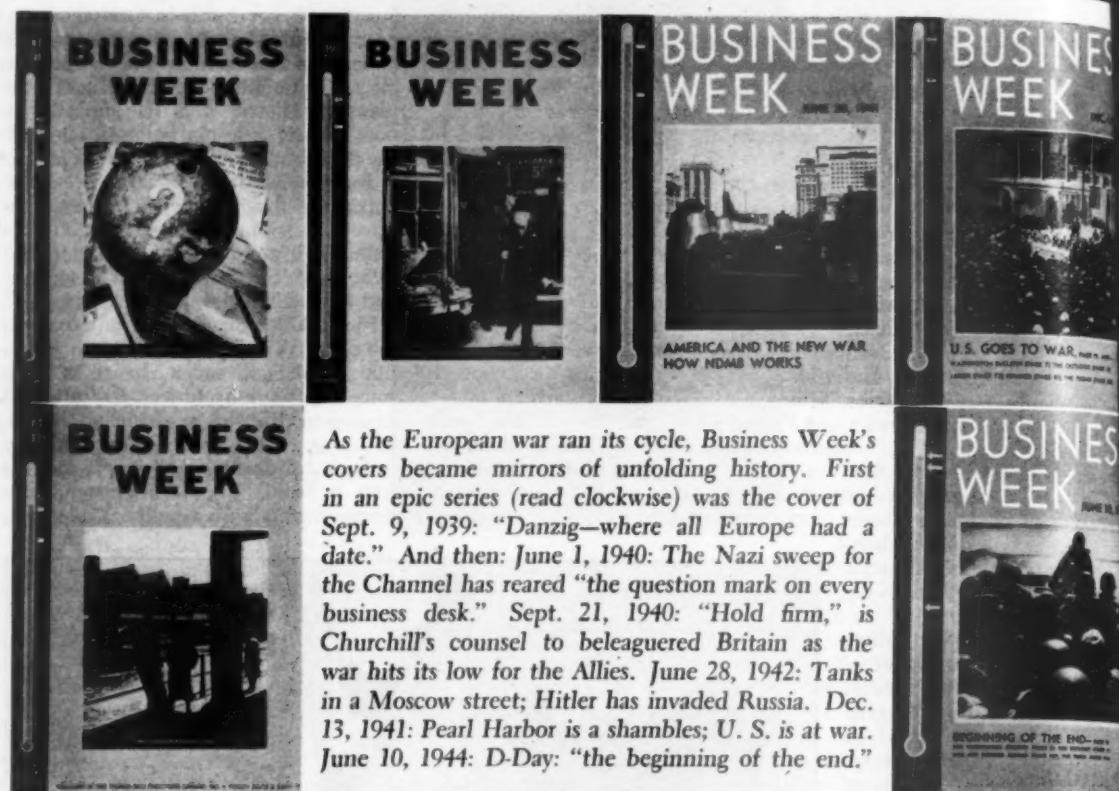
• **Planes Hold the Key**—While Japan has stockpiles of critical materials to last a year or more, and while its heavy industry now rests on the crest of a 15-year wave of expansion, the country is

increasingly vulnerable to air attack from nearby islands (map). It can supply no more than one-third to one-half of its oil and gasoline needs from synthetic plants at home, and its airpower is now waging a losing battle to protect the industrial bases on which it depends.

But finally, after air victory, we must battle on the field where Japan's reserves are strongest—manpower. For its armies still number 4,000,000, and the War Dept. estimates that it "can equip and train 2,000,000 more soldiers. . . .

• **Final Dilemma**—Japan's alternatives are clear: With manpower it can try to buy a stalemate and a chance to keep some of its empire to feed its industrial expansion. But this would be at the risk of losing to the bombers—as Germany lost—that industrial economy it took so long to build. These military and economic factors pose a political dilemma.





As the European war ran its cycle, *Business Week's* covers became mirrors of unfolding history. First in an epic series (read clockwise) was the cover of Sept. 9, 1939: "Danzig—where all Europe had a date." And then: June 1, 1940: The Nazi sweep for the Channel has reared "the question mark on every business desk." Sept. 21, 1940: "Hold firm," is Churchill's counsel to beleaguered Britain as the war hits its low for the Allies. June 28, 1942: Tanks in a Moscow street; Hitler has invaded Russia. Dec. 13, 1941: Pearl Harbor is a shambles; U. S. is at war. June 10, 1944: D-Day: "the beginning of the end."

FROM DANZIG TO DEATH—THE STORY OF A WAR

The war which started in 1939 was the first that the whole world could watch and hear. By that year, communication had so developed that the advent of a war could be reported step by step. So complete was this reporting, by press and by radio, that real and immediate causes were a continuing story—at the breakfast table, in the office, on the street.

After Chamberlain's failure to buy "peace for our time" at Munich, the experiences of a tormented world became the personal experiences of every man, woman, and child within reach of a radio set.

Feelings ebbed and flowed. The pitch was too intense to be maintained continuously. But the high points were registered as few of the "highlights of history" had been registered before. Inevitably this week, as the climax came in Europe, the war generation looked back on certain days that will not be forgotten:

- Sept. 1, 1939—The Germans invaded Poland. Two days later England and France declared war.
- May 10, 1940—Germany launched its great western drive by invading

Belgium, the Netherlands, and Luxembourg.

- June 21, 1940—Peace negotiations began between Germany and the Petain government of France. Victorious Nazis had marched down the Champs Elysees, climaxing a springtime of reverses to the democracies which had seen Norway, Denmark, Holland, and Belgium fall. British efforts to stem the tide had ended in Dunkirk.

- Sept. 16, 1940—With a threatened German invasion forestalled, the high point of the Battle of Britain was reached in the great air blitz. On this day, 187 German planes were shot down during the bombing of London. Before the end of the month, the Axis had a third partner, Japan had signed a ten-year pact with Germany and Italy.

- Mar. 11, 1941—Lend-lease was born, assuring a flow of war goods to financially stricken Britain and other nations that had survived the Axis onslaught. Many priceless cargoes went down before the submarine menace was finally overcome.

- June 22, 1941—The Germans invaded Russia, beginning a thrust

that took them almost to the gates of Moscow.

- Dec. 7, 1941—The Japanese bombed Pearl Harbor and made the United States a military participant in the war against the Axis.
- July 1, 1942—The Axis captured El Alamein, last important British fortification on the way to the Suez Canal.

In October, 1942, the British began the counterattack which, augmented by an American invasion that began on Nov. 7, cleared the Germans from North Africa in May of 1943.

- Feb. 2, 1943—Historic Battle of Stalingrad, marking high tide of German arms, ended with "complete victory" for Russians.

- Sept. 3, 1943—The mainland of Italy was invaded and an armistice signed with the Badoglio regime, to take effect on Sept. 8.

- June 6, 1944—The Allied armies landed on the Norman coast, and the European war entered its final, stentorian phase. The Battle of France gradually became the Battle of Germany.
- May 1, 1945—With Germany in collapse, Hitler is reported dead.

History Sits in at San Francisco

Europe's immediate needs of relief, reconstruction, and political reorganization overshadow long-range plans for peace. But on representation revives balance-of-power bogey.

History outpaced the diplomats this

Americans, aware that the possibility of permanent peace was being determined at San Francisco, still could not close their eyes from Europe, from the spectacle of a political system falling in flames that consumed the shattered man bastions.

And inevitably the delegates of the United Nations and Associated Nations, convened at San Francisco with the task of formulating a plan for an international security organization, also felt the shaking rumblings of the German collapse. All the quibbling over protocol, bargaining for prestige, and the tired circumlocutions of the diplomats echoed hollowly in the ruins of hope.

Not Like Versailles—The San Francisco conference was conceived in the Moscow and Teheran declarations of 1943 and received its provisional charter at the Dumbarton Oaks in 1944. Now the military might of the United Nations has narrowed the gap between plans and practice. Half of this two-hemisphere war was collapsing before a peace organization—and its necessary partnerships—could be born. Yet San Francisco retains advantages which the ill-arranged meetings in the Hall of Mirrors at Versailles did not possess.

It does not have to agree upon the terms of surrender—these terms, based at this time on unconditional surrender, were drafted months ago and agreed upon at Yalta.

It is not attempting to redraw the map of Europe—some of these lines have been drawn, and others will be determined at a later date.

It is not concerned with the economic consequences of victory—these are being determined by a reparations commission in Moscow and by the European Advisory Commission in London.

Needed: Political Leadership—But while today's diplomats consult on long-range plans for preserving world order, there is one immediate and inescapable problem. Millions of Europe's peoples—defeated and liberated—look to the United Nations not only for physical assistance but for order and authority. Abandoned by their political leaders to the machinations of German totalitarianism, they are blinking in the light of new freedom.

Traditional political roots have with-

ered; others—of a leftward cant—have grown strong in resistance movements and final overt partisan revolt.

• **As the Lid Comes Off**—Already the pressures of the years of occupation have erupted in renunciation of "legitimate" governments in Yugoslavia, in Albania, perhaps also in Rumania, Bulgaria, Hungary, Italy, Austria, and Poland. Will these old authorities be reimposed, or specifically barred, by outside forces, Russian, British, or American?

Of vast importance is the fact that until this week military exigencies have held an iron lid on the internal politics of most of Europe. So far as the people of Europe are concerned, an end of war will remove this primary unifying influence.

• **Ferment Spreads**—Events of this week already foreshadow a revival of intense and momentous political activity.

In Austria—the first part of Nazi Germany to receive a new government—the Soviet Union installed a multiparty and potentially democratic provisional government—apparently without consultation with Britain and the United States.

In Germany, the first rumblings of active revolt against Nazism were heard after a long Allied advance through cities filled with apathetic citizens.

In France, the return for trial of Marshal Henri-Philippe Petain heralded a sharpening of political cleavages, already evident in the results of the first local elections this week.

In Italy, the rising of strong partisan forces in the north—dramatized by the swift execution of Mussolini and his henchmen—signaled the impending political upheaval certain to reshape the present provisional regime in Rome, now supported by the Allies.

• **Supply Picture Shifts**—Of immediate concern to business are the staggering economic demands of European victory. The urgency of military requirements—for transport and for the output of liberated industry—will be relieved. But for the immediate present the drain upon all the economic resources of Europe—particularly transport—will continue for both the cleanup and the occupation of enemy areas, and then for the redeployment of forces and equipment to the Pacific.

The record of reconstruction in Italy (BW—Apr. 28 '45, p111) and France (BW—Apr. 21 '45, p113), excused on the grounds of overriding military considerations, is unpromising for the future.

• **Reconstruction Problems Sharpen**—Not only lend-lease arrangements will require revision, but also most of the civilian cash-purchase supply programs brought to Washington by European Allies. Some of these have not yet cleared military screening authorities in Europe; others remain enmeshed in the necessarily complex machinery of Washington agencies responsible for equitable allocation of world supplies.

The war in the Pacific with its vast distances might dictate the complete diversion of shipping, but this would impose immeasurable hardship upon Europe.

There also remains, in Europe, the further responsibility of the victor for the reshaping—if not the reconstruction—of the German economy to preclude its future militarization and to provide



The sweep of Allied armies adds urgency to the deliberations at San Francisco.

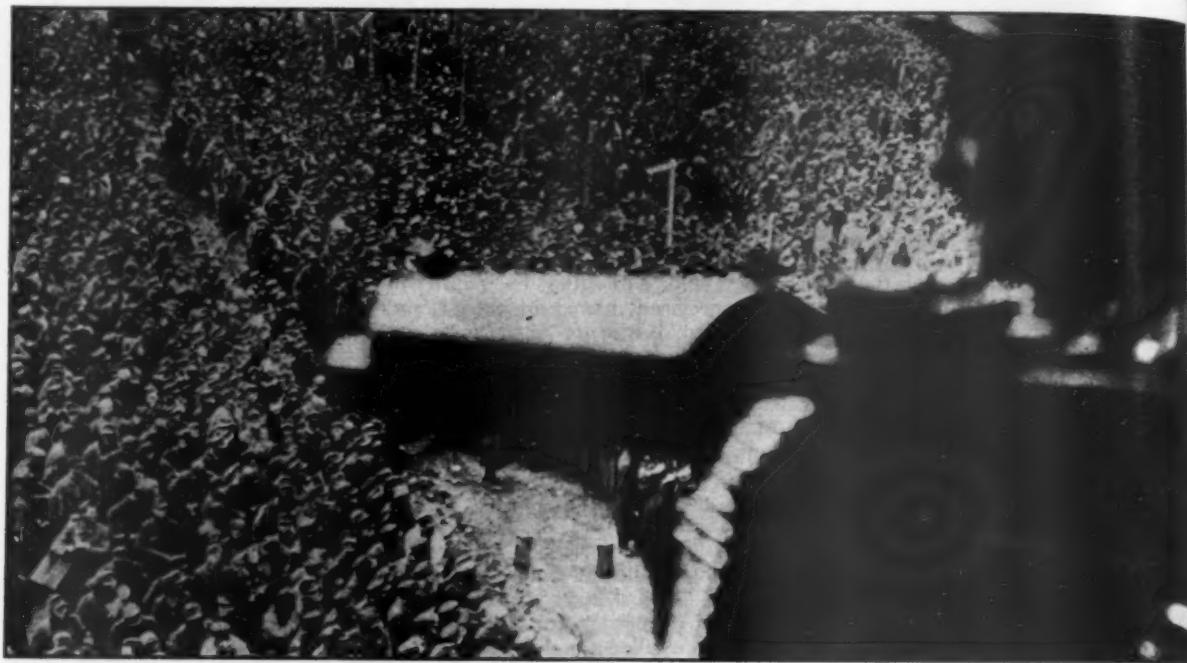
the widest possible benefit from its production for the peoples of liberated lands.

• **San Francisco Gets Set**—All these influences impinge upon San Francisco. However detached the immediate ob-

jectives of the security conference may appear to be from these practical problems of victory, the deliberations and bargaining of delegates proceed under the spur of history-shaping events. They must make haste slowly, but with full

consciousness of the urgency of the task.

This week the conference concerns itself with membership problems and details of protocol before getting down to the real work at hand: agreement



THE REICH: A PROBLEM IN SALVAGE

For the Allies, one long-disputed issue came thundering out of the realm of the theoretical this week: what to do with a smashed Germany? Partitioning of the country—with the British-American-French sphere stretching from the North Sea to the Alps and the Soviet zone embracing the area between the Elbe and the Oder on Poland's new western frontier—will only divide the problem, not solve it. Meanwhile, captured millions of the Wehrmacht may be doled out by the Allied reparations board in Moscow

among Germany's victims to help in reconstruction. The rebuilding of German industry is something that must wait on the decision of the Allied Control Commission, charged with formulating basic economic policy to fit what is left of Germany into a reorganized Europe; but inevitably under the firm Allied plan to demilitarize Germany, many plants, such as the bomb-smashed Krupp works at Essen (below), will never be rebuilt. Repair of tangled rail lines, such as those at Limburg, is another matter, for transportation is vital to the Allies in meeting the immediate relief needs of Europe.



War Production—The Job "That Couldn't Be Done"

When President Roosevelt told Congress on May 16, 1940, that the United States must build 50,000 airplanes a year, he initiated the greatest armament production program that this or any other nation has ever known.

• **Ten Times Too Big**—There were many who said it wouldn't be possible to meet the President's goal, and they could prove it to you. Some said it wasn't necessary, and they could prove it, too. For America's plane production facilities at the time were hardly sufficient to build one-tenth of the 50,000 annually.

Plant and equipment for turning out all the other items required for a modern military machine were similarly lacking. But the start was made largely with "educational" orders to familiarize manufacturers with production techniques. Plant capacity was thus at least partly readied for the job ahead.

• **Full Speed Ahead**—A year and a half later came Pearl Harbor, and on Jan. 6, 1942, the President went before Congress with a \$56,000,000,000 war budget and a call for 60,000 planes, 45,000 tanks, 20,000 antiaircraft guns, 8,000,000 tons of merchant ships. America's mass production machine, geared to war needs, began rolling in high gear. With that start, here are the highlights, based on WPB figures, of the world's greatest production achievement:

Aircraft—From the middle of 1940 through the end of last year, 253,378 planes were produced, worth \$36,800,000,000. The rate of acceleration in production has been as follows:

	Number	Weight (thousands of lb.)	Value (millions)
1940 ...	3,770	13,799	\$334
(last half)			
1941 ...	19,459	85,736	1,658
1942 ...	47,860	292,665	5,736
1943 ...	85,930	742,982	12,377
1944 ...	96,359	1,110,753	16,700

As the need for light planes to train air crews declined, and as war experience proved the necessity for bigger, longer-range combat planes, production on the basis of weight and value rose more rapidly than did the number of planes turned out. Thus, the average weight of aircraft produced in the last half of 1940 approximated 3,700 lb. apiece, in 1941 it rose to 4,400 lb., in 1942 to 6,100 lb., in 1943 to 8,600 lb., and in 1944 to 11,500 lb.

Combat and Motor Vehicles—In four and one-half years American manufacturers have turned out 75,315 tanks, 95,800 armored cars, scout cars, and carriers, and 15,100 tank chassis for self-propelled guns. The year-by-year production rise was:

	Tanks	Cars	Self- Propelled Guns
1940-41 ...	4,250	7,800	0
(18 mo.)			
1942 ...	24,000	17,000	3,000
1943 ...	29,500	47,000	9,200
1944 ...	17,565	24,000	2,900

Ships—America has created the world's greatest navy and the largest merchant fleet under the shipbuilding program in effect since mid-1940. In that time we have built 8,342,000 tons (displacement weight) of Navy ships, plus 51,400 landing vessels, and 45,357,000 deadweight tons of

merchant ships. Here is the year-to-year record:

	Navy Ships (thousand tons)	Merchant Ships (thousand tons)	Landing Craft (number)
1940-41 ...	368	1,551	987
(18 mo.)			
1942 ...	1,066	8,090	7,000
1943 ...	3,024	19,269	16,000
1944 ...	3,884	16,447	27,400

Guns—The nation's arsenals, from July, 1940, through 1944, turned out 11,105,500 rifles and carbines, 2,423,000 machine guns, and 646,200 pieces of artillery of 20-mm. bore or greater for the Army. The record:

	Rifles and Carbines	Machine Guns	Artillery
1940-41 ...	370,500	126,000	22,400
(18 mo.)			
1942 ...	1,556,000	667,000	157,000
1943 ...	5,691,000	830,000	189,400
1944 ...	3,488,000	800,000	277,400

Ammunition—Production has totaled 37,200,000,000 rounds of small arms ammunition and 270,071,000 rounds of artillery ammunition (figures in thousands of rounds):

	Small Arms Ammunition	Artillery Ammunition
1940-41 ...	1,200,000	3,028
(18 mo.)		
1942 ...	9,800,000	79,291
1943 ...	19,700,000	92,435
1944 ...	6,500,000	95,317

Communications Equipment—Dollar value of equipment for radio, radar, and all other forms of communications showed the following approximate trend over the period from mid-1940 (figures in millions):

1940-41 (18 mo.)	\$253
1942 ...	1,400
1943 ...	3,450
1944 ...	4,200

upon an instrument for creating a world security body.

• **Representation Issues Arise**—On a matter of principle, Soviet Foreign Commissar V. M. Molotoff fought and won technical equality for the Big Four in a rotating chairmanship of the steering committee—a move given broader significance by its possible effect on the presidency of the world organization.

Without a battle, but after due feints and passes, the White Russian and Ukrainian Soviet Socialist Republics were given membership in the general assembly. Their theoretical autonomy was born in Moscow a year ago (BW—Feb. 1944, p113), and Czechoslovakia, for one, is negotiating an exchange of diplomats with its Ukrainian neighbor.

• **Split on Poland, Argentina**—The pot of trouble began to boil after failure of the Big Three foreign secretaries to agree upon a formula for broadening the Warsaw Provisional government of Poland along lines laid down at Yalta. The conference, in executive committee and plenary session, voted down Warsaw's admission by a thumping majority.

The showdown came in the fight over Argentina's admission to the conference. When a deal to admit both Argentina and Warsaw failed, the Soviets fought a losing battle to keep Argentina out, arguing that simple recognition did not change a government recently labeled "Nazi-Fascist" by Washington.

• **Hanging in the Balance**—This sparring of diplomacy is as old as history. But

its significance today is deepened by new facts. The Soviet Union, long-time advocate of disarmament and collective security, was first barred and later expelled from an earlier league of nations. The U. S., a gangling twentieth century industrial giant that had not grown up to world responsibilities at the close of the last war, is still feeling its way along the unfamiliar byways of internationalism.

Delegates at San Francisco fear that either of these great continental powers may withdraw from a world organization and begin the long competitive balance-of-power battle through bilateral alliances and economic and political penetration—a road that would almost certainly lead to another and more bloody battlefield.

Basing-Point Pricing Under Fire

Supreme Court's outlawing of Corn Products and Staley systems may open the way for eventual elimination of all delivered price plans, but FTC isn't going to overplay its strengthened hand.

With the help of the Supreme Court, the Federal Trade Commission took a long step last week toward its goal of eventually putting all U. S. business on an f.o.b. basis. Upholding FTC orders against Corn Products Refining Co. and A. E. Staley Mfg. Co., the court handed down an unequivocal indictment of the companies' basing-point system of pricing (BW—Apr. 28 '45, p5).

The court's decision, written by Chief Justice Harlan F. Stone, was unanimous, with Justice Owen J. Roberts not participating.

• **FTC Will Be Cautious**—By an extension of the court's reasoning in the Corn Products and Staley cases, FTC officials believe that these decisions pave the way for the commission's long-cherished objective, the elimination of virtually all delivered price systems.

Stone's language indicates that the court is still far from ready to go along with this drastic program. And FTC itself will be hesitant about overplaying its advantage. Officials recognize that, whatever the theoretical applications of the court's logic, the reasons for applying it to many practical economic situations are not "persuasive."

• **Task Is Simplified Now**—Until the passage of the Robinson-Patman amendment to the Clayton antitrust law, in 1936, FTC's case against basing points leaned heavily on the element of conspiracy—to fix prices, restrain trade, suppress competition, or otherwise to circumvent the antitrust laws.

Most of FTC's attacks on basing-point systems were directed against whole industries, usually trade associations or other joint action groups. In its case against U. S. Steel and its subsidiaries—the famous "Pittsburgh-plus," granddaddy of all basing-point cases—FTC set out to prove that the Pittsburgh basing point was an instrument of concerted monopoly.

R-P has made FTC's task much simpler, for it simply bans price discriminations between "different purchasers of commodities of like grade and quality" (except to the extent justified by actual differentials in the cost of production, delivery, or sale) wherever such discrimination may have the effect of injuring competition. Given the rest of its case, FTC seldom has trouble proving injury, actual or potential.

• "Phantom Freight"—As FTC sees it, R-P's applicability to basing-point sys-

tems stems from the price discriminations which the commission regards as inherent in all freight equalization schemes, because these contain elements of "phantom freight" or its counterpart, "freight absorption," or both of them.

In the case of Corn Products and Staley, both companies used a single basing point, Chicago, in calculating prices, although Staley's plant was at Decatur, Ill., and Corn Products shipped from a Kansas City plant as well as from its plant at Argo, Ill., in the Chicago area.

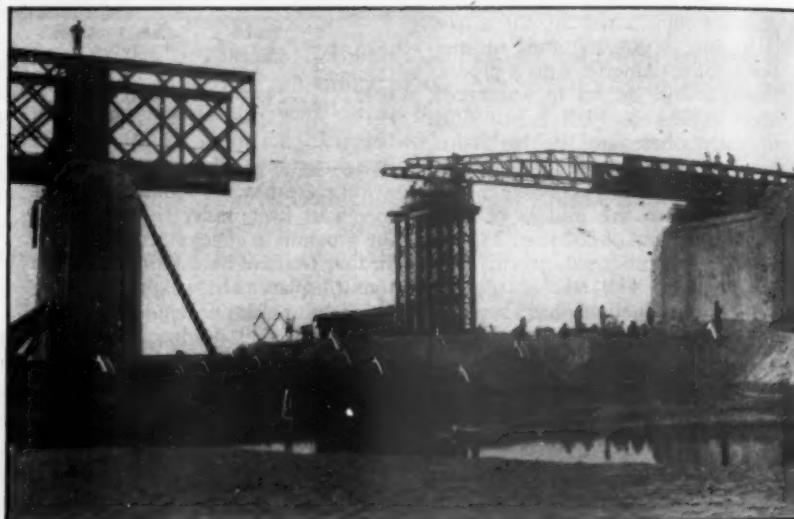
All customers of both companies were charged the Chicago base price, plus freight from Chicago, regardless of the actual point of origin of their purchases. Thus a customer of Corn Products located in Kansas City and served by the Kansas City plant paid "phantom freight" to the extent of

the freight from Chicago to Kansas City. Lesser amounts of phantom freight would be paid by all of Corn Products' customers who were located more favorably, in relation to freight rates, with respect to Kansas City than to Chicago.

• **Some Absorbed**—In the reverse of this, Corn Products absorbed freight on shipments from the Kansas City plant to purchasers in cities having a lower freight rate from Chicago than from Kansas City.

One defense of basing-point systems is that, while they may squeeze some individual purchasers (who are compelled to absorb phantom freight), any profits which may accrue to an individual seller through unearned freight on some transactions are canceled out by the extra freight he must absorb on other sales.

• **Opposes Both Plans**—So far as FTC is concerned, the charging of phantom freight and the reverse practice of freight absorption are equally damned, and equally damaging to free competition. The buyer who must pay phantom freight is at a competitive disadvantage vis-a-vis the buyer who does not (particularly if the latter is located at a basing point). Where freight absorp-



BRIDGE TO VICTORY AND REHABILITATION

Vital to the job of supplying Allied troops and of rehabilitating war-blasted Europe is the amazing railroad reconstruction feat of fast-working U. S. Army Engineers. For a bombed-out French bridge (above), they assembled a pre-fabricated bridge unit on the river bank to replace the missing span, then projected it on special cars to a steel trestle pier midway in the gap. By the end of January, the Army, aided by civilians, had restored 172 major bridges and 7,000 miles of track in France and Belgium. General Patton once had seven bridges rebuilt within 48 hours. Though permanent rebuilding is a postwar job, such rail reconstruction is essential for the distribution of the farm implements that will insure crops to see Europe through this crucial year.

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Think Ryerson... in critical steel situations

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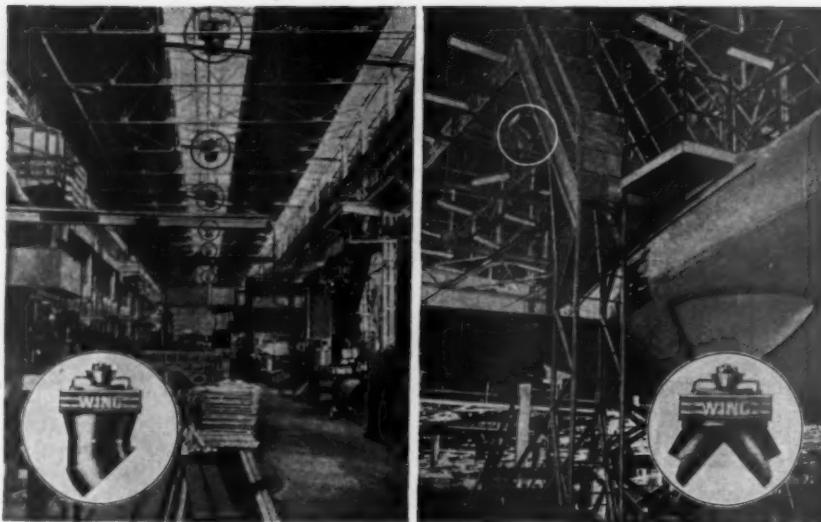
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Two striking instances of the virtues of Wing Revolving Unit Heaters are exemplified in the photographs above.

At the left is one of the shops of a large shipbuilding concern where the Wing Revolving Heaters are located 61 feet above the shop floor. Yet the heated air is projected down to the working level and circulated by the slowly revolving outlets of the heater so that every part of this huge shop (802 ft. x 156 ft.) is kept warm and comfortable, protecting the health of workers and keeping vital shipbuilding production moving.

At the right is part of the assembly shop of one of the world's largest builders of cargo planes, the future merchant ships of the air. This modern plant is also heated by Wing Revolv-

ing Unit Heaters. No other type of heater could so thoroughly and evenly heat a plant of this kind, where the massive planes would form imposing obstacles to the projection of heated air from fixed discharge heaters. But the slowly moving streams of warm air from the revolving discharge outlets of the Wing heaters circulate around and under the huge plane bodies, wings, rudders, stabilizers, etc., and keep the plant at a uniform, comfortable temperature. Employees find that the sensation of warm, live, invigorating comfort is stimulating to production. And in summer, with the steam turned off, and the fans on, an equally pleasant cooling effect may be obtained.

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Doubtful Consolation

OPA injected itself into the basing-point situation this week by announcing that, in the event of the Supreme Court decision against Corn Products and Seaboard, there would be a "study of price regulations to determine whether any changes will be required."

- The price agency is unhappy to aware that many of its regulations in such diverse fields as steel, building materials, cheese, are hitched to basing-point systems. This is in line with Congress' instructions not to disturb normal business practices.

The fact is that OPA's announcement was prompted by persistent queries from reporters and worried businessmen. OPA will not review the price ceilings of corn sugar producers unless it is requested such a review. Price ceilings in other basing-point industries will not be disturbed.

- OPA has these words of doubtful consolation for any manufacturer who fears that a basing-point price ceiling leaves him the choice of violating either the antitrust laws or the price law: "Compliance with the [price] regulation will not compel any seller to violate the Robinson-Patman Act. The price discrimination that might under some circumstances flow from charging the full maximum price permitted by the regulation can always be avoided by charging a lower price that will not cause discrimination in favor of the seller's other customers."

tion is involved, FTC's contention that the price discrimination is not real because it is reversed. The buyer who pays a lower freight than he would on an f.o.b. basis enjoys a competitive advantage to which he is not entitled, and which works hardship on his competitor who is not similarly favored.

- **Discrimination Cited**—The Supreme Court goes along with the argument almost 100%. In the Corn Products decision, the court said, "Petitioning a pricing system results inevitably in systematic price discriminations, since the prices they receive upon deliveries from Kansas City bear relation to factors other than actual cost of production or delivery."

The court found that the use of Chicago basing-point for glucose gave candy manufacturers located in Chicago an advantage over all companies.

this yardstick on your post-war package



will want to make certain that package measures up to the important job that effective post-merchandising will set for it.

Will it give full visibility? People like to see for themselves . . . and themselves. *Full visibility* lets you buy with *full confidence*. Transient Du Pont Cellophane has had a valuable sales help because a product tells its own convincing sales story.

Will it provide sufficient protection? This fundamental function of packaging extends beyond protection against contamination and damage. It insures protection of freshness, flavor and all-round quality. Moisture-protecting Du Pont Cellophane is giving protection today to thousands of varied products in all climatic situations.

Will it permit packaging economy? Many merchandising experts are stressing the need for lower post-war distribution costs. This calls for a low-cost packaging material . . . that can be used most efficiently on automatic wrapping machines. Du Pont Cellophane offers the opportunity for true packaging economy.

Right now military demands limit the civilian supply of Du Pont Cellophane. We hope there will soon be enough to meet everyone's needs. Investigate Du Pont Cellophane today . . . so you can profit by its advantages tomorrow. E. I. du Pont de Nemours & Co. (Inc.), Cellophane Division, Wilmington 98, Delaware.

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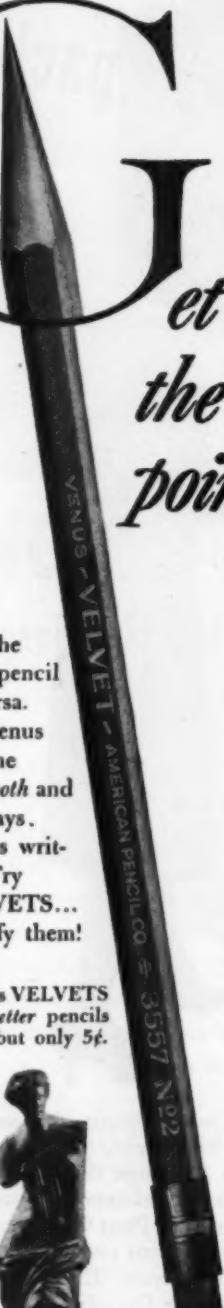
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AMERICAN LEAD PENCIL COMPANY, HOBOKEN, NEW JERSEY



tors, and had actually resulted in some manufacturers moving to Chicago from other cities.

• **Practice Held Unlawful**—The court measured the extent of the price discrimination involved in shipments from the Kansas City plant by the variations in factory net prices (the prices paid, less actual freight) at the plant.

The court observed, "The factory net varies according as petitioners collect phantom freight or absorb freight, and in each case in the amount of this freight differential. The price discriminations resulting from this systematic inclusion of the freight differential in computing the delivered price are not specifically permitted by the statute. Hence they are unlawful...."

The court refused to accept Corn Products' argument that Congress, by its failure to enact specific legislation outlawing basing-point pricing, had tacitly indorsed these systems. Such legislation was proposed on Capitol Hill at the time R-P was passed (BW—Apr. 11 '36, p12), but it didn't get by.

• **Plan of Attack**—In the court's use of variations in factory net to measure the extent of price discriminations, FTC finds support for its hope that the basing-point decisions clear the way for an attack on other delivered price systems.

When a zone price system (the same price for all purchasers within a given area) or a uniform delivered price system (also called the "postage stamp" plan) is substituted for basing points, there are still variations in factory net—the extent of the variation depending on

the difference between actual delivery costs and the hypothetical, or average, delivery costs represented in the case. Hence, says the commission, the discrimination.

• **Pricing Policy Criticized**—The court doesn't seem ready to go this far. Staley's defense was built around a "meeting competition" clause of the Robinson-Patman law—a defense which the lower court had accepted.

The Supreme Court did not find a clause applicable to Staley, finding "respondents have never attempted to establish their own nondiscriminatory price system, and then reduce price when necessary to meet competition. Instead they have slavishly followed in the first instance a pricing policy which, in their case, results in systematic discriminations, by charging their customers upon shipments from Decatur, the Chicago base price plus their competitors' actual costs of delivery from Chicago."

But in commenting on the Staley case, the court left the door open to freight absorption and the use of a uniform delivered price: "It does not follow that respondents may never absorb freight when their factory net plus actual freight is higher than their competitors' price, or that sellers, in doing so, may not maintain a uniform delivered price at all points of delivery for in that event there is no discrimination in price."

• **Some May Qualify**—In the Corn Products' decision, the court's language indicated that multiple-basing systems involving the principle of

FOR A WINDY HILL

Like a fantastic device from a pseudo-scientific thriller, a model of a gigantic windmill indicates the faith of the Federal Power Commission in wind-power for electric generation. Designed for 80-ft. blades on a 200-ft. bridge atop a 500-ft. tower, the unit is rated to produce 6,500 kw. in a 28-m.p.h. wind. Its real-life counterpart is the 1,000-kw. experimental unit on a 110-ft. tower perched on Grandpa's Knob near Rutland, Vt. (BW—May 10 '41, p22). Developed as the result of a study by Percy H. Thomas of FPC's Office of Chief Engineer, the prospective unit will generate current in a revolving house on the bridge, automatically regulate output to prevent overloading in high winds. Free energy (wind), simple construction and operation are reported advantages.



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• **Steel Hearing Set**—Another basing-point case which will soon come to trial also has a long tradition—the case against U. S. Steel. The "Pittsburgh plus" hearings culminated in 1924 when FTC issued a cease-and-desist order. In 1938, Big Steel appealed the order to the circuit court (BW-Jun. '38, p34), although in the intervening years it had shifted from a single to a multiple-basing-point system. The appeal was initiated in 1942 because that was the year the Wheeler-Lea amendment to the Federal Trade Commission Act was enacted, declaring in effect that all orders then outstanding would be considered final. U. S. Steel, unwilling to be bound in perpetuity by the 1924 order, went to court with a petition for review.

FTC consented to postponements, largely in hope that the cement case would jell in time to resolve all basing-point questions. Last year, the commission refused to consent to further postponement, and hearings are set for next month on FTC's motion to strike out certain portions of the petition.

• **Conspiracy Charged**—Other basing-point cases now on the fire involve the lead industry (charging conspiracy and

sorption to enable manufacturers to compete outside their home markets and qualify under the "meeting competition" clause.

One thing is clear. The Supreme Court has put the kiss of death on any basing-point system (or other delivered price system) clearly involving the element of phantom freight. Thus, to get by, a multiple-basing-point system would have to have (at a minimum) virtually every point of production and shipment a basing point.

Cement Case Pending—The first full legal test of a multiple-basing-point system will probably come with the cement industry, which pioneered this pricing method at the turn of the century. An FTC cease-and-desist order against the industry has been stalled in the Chicago circuit court since 1943 (BW-Jul. '43, p92). This case, begun in 1937, was the first to make use of the Robinson-Patman law as ammunition against basing-point systems, but it also charges conspiracy. For this reason, FTC believes the Corn Products and Staley cases provide a better legal test of basing points, *per se*.

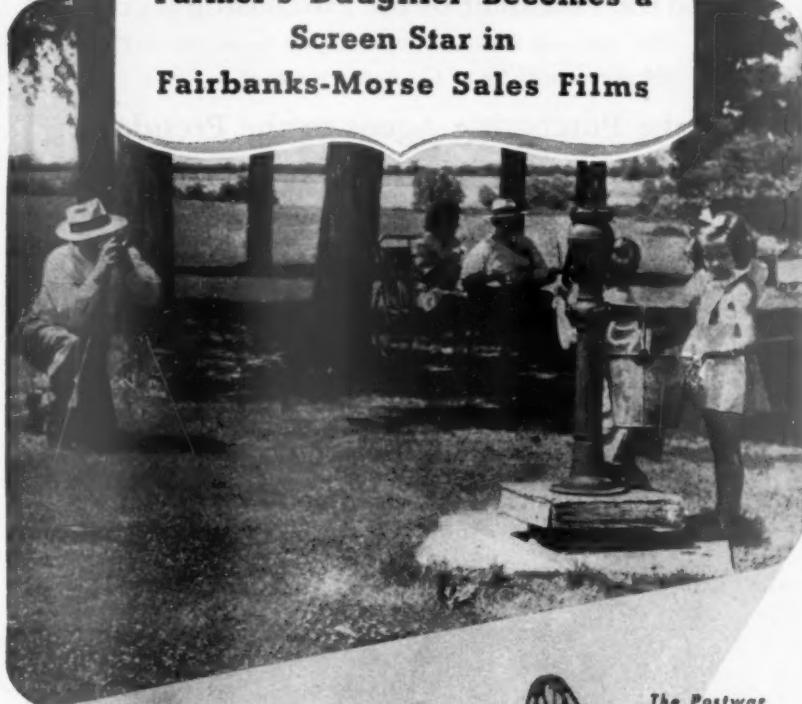
The cement case is particularly dear to FTC's heart because the industry figured in an antitrust suit (brought by the Justice Dept., not FTC) back in the early twenties. The Supreme Court gave the industry a clean bill of health, and it is a legend among today's trust busters that this happened only because the government literally threw away its case.

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price discrimination in the use of a zone system), malsters (charging conspiracy but not price discrimination), and the rigid-steel conduit industry. The latter case involves conspiracy, price fixing, and raises the question of whether the use of a basing point by each member of the industry is not an unfair method of competition, without regard to conspiracy.

Behind FTC's long campaign against basing points is the conviction that they are inherently both restrictive and wasteful economically. They have had the widest use among producers of heavy goods of uniform and interchangeable quality, for bulk sale, where the cost of transportation is an important factor in the competitive advantage enjoyed by individual companies.

• **Called Wasteful**—FTC's belief is that basing-point systems inevitably tend to a high level of prices, which cushion individual producers against the normal economic consequences of competing in distant markets against companies which are more favorably situated, geographically; that they stifle competition by protecting established centers of production; and that they result in wasteful, extensive crosshauls. And where the practice of charging phantom freight is entrenched, it is costly to purchasers and involves an element of hidden profit. (In its antitrust suit against the major oil companies, postponed until after the war, the government makes much of the practice of charging rail freight, regardless of whether shipments are by water or pipelines.)

• **An Aid to Stability**—Defendants of basing-point systems argue that they broaden, rather than restrict, competition, that they mitigate against local monopolies, and that they contribute to a general stability in the business community which is welcomed by sellers and buyers alike.

Coal Pay Boost Prorated

The cost of the \$1.30-a-day pay boost which John L. Lewis got for his bituminous miners (BW—Apr. 14'45, p5) will be prorated to consumers at 16¢ a ton. A decision to that effect, closing the 1945 soft coal wage controversy, was announced this week by William H. Davis, Director of Economic Stabilization.

Davis estimated that the new coal contract will add about 21¢ a ton on the average to production costs, but he decreed that the industry absorb all but 16¢, which OPA will add to the ceiling price.

Radio Backlog

Electronics industry has huge military orders that make reconversion seem remote, while postwar civilian demands rise.

The radio-electronics industry, which has produced 15 billion dollars worth of apparatus for the Army and Navy at the rate of twelve times its pre-pearl Harbor output, probably will be among the last to be reconverted. Manufacturers have a huge backlog of military schedules that will carry them at practically full capacity to the end of this year, as things look now.

Essential Needs First—The initial setback will be 10% during the first six months after V-E Day, according to Louis J. Chatten, director of WPB's Radio & Radar Division. This will not allow production of home radio, FM (frequency modulation), or television sets until the first quarter of 1946. The first civilian production freed under reduced Army-Navy contracts will be equipment for civil aviation, railroad radio apparatus, and sets for police, fire departments, forestry protection services.

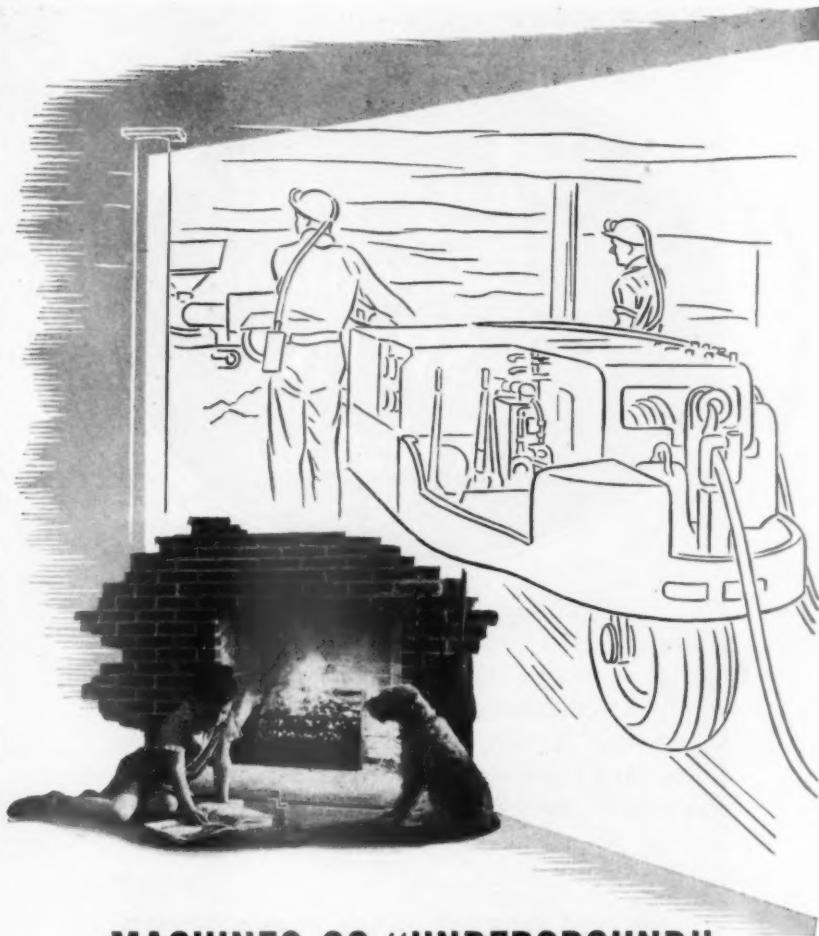
A change in WPB's thinking regarding reconversion generally may bring home set manufacturing quicker than now indicated, but evidence of how military production is holding up for this industry is the Navy's announcement that it is scheduling an additional \$80,000,000 a month for deliveries in radio, radar, sonar, and electronic equipment for the next twelve months.

When Cutbacks Come—The whole picture was studied this week by the radio and radar industry advisory committee of the WPB with the Army, Navy, and WPB officials. The meeting was attended by top officials of some of the big manufacturers, including General Electric, RCA, Philco, Sylvania, Crosley, Farnsworth, and Western Electric.

The initial cutbacks will probably come in the simpler types of radio and electronic equipment, with the armed services still in need of the more complex apparatus and their components.

The assembly line or end-equipment companies will feel the cutbacks first as their schedules will terminate as requirements for complete apparatus units are filled. Component parts manufacturers will continue to supply new replacement parts for complete units long after the Pacific war has ended.

Big Civilian Demand—General opinion at this week's meeting was that postwar demands upon the electronic and radio fields will be far greater than



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There's new winter comfort ahead for American homes. An "underground" movement is already in full swing that will give you better fuel . . . and probably reduce heating costs.

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* * *

Helping the mines to speed their mechanization will be a job which will not find the Lebanon Steel Foundry lacking in experience. For years, pressure-tight castings of corrosion-resistant Circle L Alloys have provided outstanding service in de-watering pumps. Tough Lebanon alloys, with high

impact resistance, are standbys in coal and rock drill parts.

Lebanon production is bearing down to do its share in bringing the war to a close. But Lebanon metallurgists and foundry engineers are prepared now to discuss applications of alloy steel castings to your products, manufacturing procedures and processing methods.

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FOR MOSCOW MISSION

Another realignment of executive personnel under the new Administration is the appointment this week of Edwin Pauley, Democratic party treasurer, as U. S. member of the Allied Reparation Commission, which meets in Moscow next month. Pauley, 42-year-old Beverly Hills (Calif.) businessman—banking, real estate and oil—will rate the rank of ambassador during the reparation settlements and will be accompanied to Moscow by another commission member, Dr. Isador Lubin, veteran government statistician, who ranks as minister.

realized at present. Besides new home set production (including FM and television), the industry has to fill a terrific backlog of repair parts for present sets.

In the industrial field (BW-Jul.29 '44, p24), the unsatisfied demand for all kinds of control equipment—many of them war developments—will fill order books for months and years to come. Aviation equipment—notably radar—also offers a tremendous market.

Wire communications (telephone and telegraph) will benefit from first relaxation in controls. Only last week WPB revoked three wartime controls, thus permitting the telephone and telegraph industry to go ahead on new construction, new manufacturing, and some new installations.

• **Controls Retained**—The program is being handled cooperatively between the government and the industry involved. The telephone industry will



"Willemstad, Curacao," by Clarence Holbrook Carter

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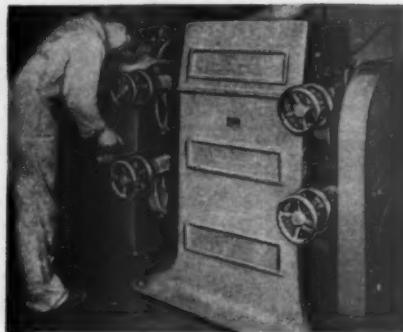
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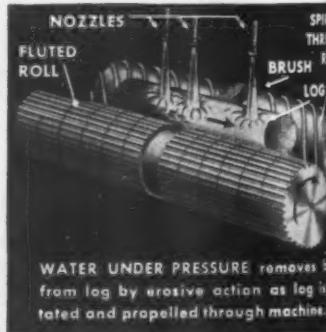
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1 Humble soybeans, once considered useless, now are converted into basic substances of tremendous importance to industry—thanks to special new mechanical and chemical processes developed by Allis-Chalmers!

2 Today, A-C leads in building complete soybean processing plants, supplies bean preparation and solvent extraction machinery to produce soybean oil, pulp and meal—new sources of miracle products!

3 From these processes, come paints (above), foodstuffs, paper, wallboards, plastics; meal for food; resins for glues, adhesives. In fact, 90% of all soybean milling is done with Allis-Chalmers equipment.



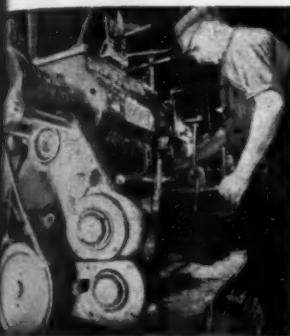
4 The work A-C has done with soybeans—all the way from planting and harvesting (above) through milling and processing—is typical of the engineering aid Allis-Chalmers offers to every basic U.S. industry.

5 For example, in another great industry—paper—A-C grinders, screens and pumps are at work processing wood and paper pulp. A new Streambarker, developed by A-C, helps solve a critical wastage problem.

6 Employing a new hydraulic pulp, A-C Streambarker bark cleaner removes up to 20 tons of pulp per hour...is already saving power, equipment and tons of essential pulpwood for Uncle Sam.



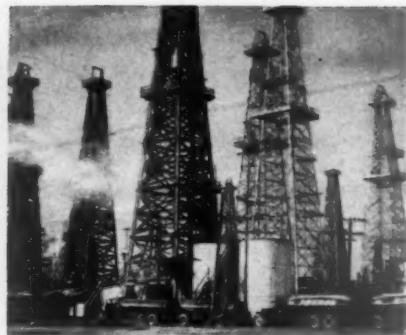
work in steel mills, are A-C power units, transformers, switchgear. "Regulex" Exciter Sets, developed by A-C, control "back-and-forth" action of huge blooming mill motors that regulate heat of electric furnaces.



Basic in every industry today, Texrope V-Belt Drives made by A-C, transmit mechanical power—help run the machines that give America its production tools, clothing and food.



8 "Regulex" furnace control means lower "melt" costs, extra furnace heats . . . helps step up production of special-formula alloy steel for shells, armor plate, many other important military uses.



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11 75% of U.S. machines turning out planes, tanks, *all war and home supplies*, are powered by multiple V-Belt Drives invented by A-C. Contact our nearby office for help with *your* problems.



12 A-C workers are skilled craftsmen—put quality workmanship into over 1600 industrial and farm products. The stamp A-C is your guarantee of highest integrity of manufacture!

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Setol is a mineral oil solvent that penetrates and removes even the most stubborn coatings of grimy oil and grease. Yet it is thoroughly safe—on your floors as well as in your scrubbing machine. An all-purpose cleanser, *Setol* is used with equal effectiveness for cleaning painted walls, woodwork, ceilings. Contains no harmful properties that clean away the finish and discourage frequent cleaning.

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remain under regulations governing stallations for new users in order to assure that equal treatment is given to all. Some 2,700,000 applications have already been received for telephones.

Surplus stocks of Army and radio, electronic, and communications equipment may run from \$1,000,000 to \$3,000,000,000 depending on how much is used up by the time it is defeated.

• **Commission Plan**—To insure a orderly flow of surplus materials and prevent any dumping that would depress civilian markets, a program has been mapped out which uses manufacturers as disposal agents.

To date the program has received the support of 55 end-company manufacturers and 145 component manufacturers. These firms will operate on a commission basis, 5% for military sales (selling to the armed forces) and 10% for all civilian sales.

Only in the last two weeks has a considerable quantity of radio and electronic equipment been declared obsolescent and surplus. This will test the disposition of machinery.

Raid Meat Cache

OPA agents crack down on Chicago food locker plant; 87% of the meat black market. Owners must pay red points.

Almost as familiar as the meat market itself is the resentful charge, decried as often as repeated, that the country's 6,000 locker plants are bulging with black market meat. Early in the year, OPA investigated the industry and termed the amount of meat cache in lockers "administratively insignificant" (BW—Apr. 17 '43, p19)—there are about 200,000,000 lb. of meat available in the nation's food lockers and 75% of that belongs to farmers (BW—Mar. 24 '45, p85). But last week OPA's Chicago office yielded to popular pressure by "raiding" the Dutch Dutch Frozen Food Locker Co., which turned out to be the locker plant that is closest to the Loop, hence the hasty search.

• **Black Market:** 87%—Rudolph Malz, co-owner (with his brother) of the plant, permitted OPA men to inspect patrons' lockers only after he had been clapped in jail for a couple of hours on a charge of contempt of court for violating a federal order restraining him from interfering with the investigation. After checking 500 of Malz's 2,000 lockers, OPA announced that 87% of the meat

... contained had been illegally acquired. Some of the locker patrons admitted getting meat from farmer-slaughterers without giving ration points; others "didn't know" where they got their meat. All who could not prove legal ownership were ordered to sell their meat, surrendering OPA points thus acquired, or bring in enough points to equal the shortage. Willful violators (if any) of rationing regulations will be subject to fines up to \$10,000 and imprisonment for one year.

Who Got It?—A few retail meat dealers profited by this unexpected, if temporary, source of supply by writing ration bank checks in favor of the hapless locker patrons. Less fortunate was the crowd of meat-hungry individuals who turned Malz's locker plant hoping to buy a steak or roast. Most of the short-time sales were made to locker users' friends or relatives.

Meanwhile, publicity resulting from the raid sent customers of the district's other 20 locker plants scurrying to retrieve their meat. Fearful that large quantities of this meat would spoil, OPA reminded the public that no action would be taken against persons who could prove their meat legally acquired, or furnish ration points to cover it. Last Monday it called a meeting of locker plant operators to instruct them that meat illegally held by their customers could be made legal. Implication was that other locker plants probably would be raided, in accordance with OPA's policy of enforcement by example, a policy that is necessitated by its inadequate staff.

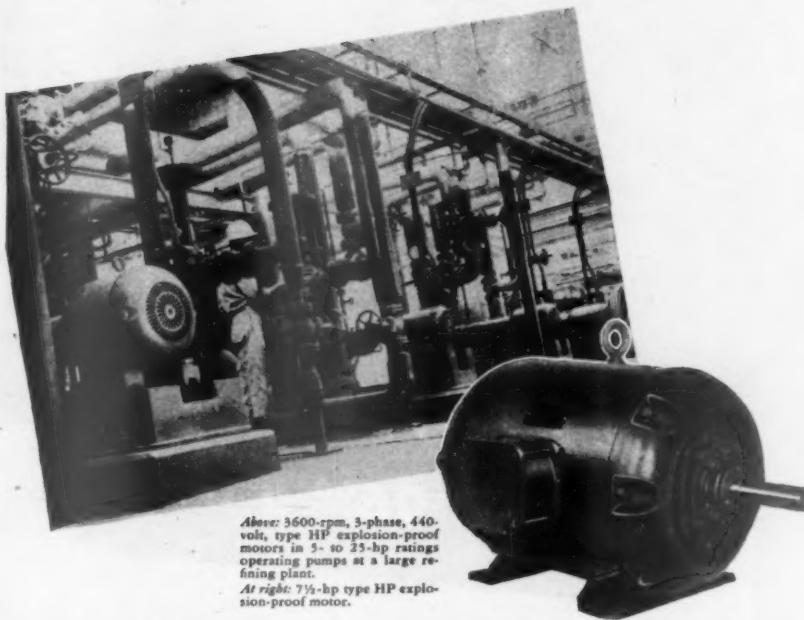
Milwaukee Experiment—OPA officials in Chicago are watching with interest the Milwaukee district office's effort to obtain an injunction restraining 22 locker operators from storing, or permitting others to store, meat that is ungraded, or not grade-marked on the premises. Hearings on the injunction will begin next week. Practical effect of the order would be to prevent locker operators from storing meat acquired from farmer-slaughterers without giving up points.

MORE MEAT FOR THE ARMY

Government buyers, like housewives, are their troubles nowadays finding enough meat to feed all the hungry youths for which they are responsible. Government bureaus offer as their favorite reason for new restrictions upon slaughter and distribution of livestock products the need for channeling more meat to civilians in meat-deficient areas.

But any such consequence of these orders is purely coincidental. The basic

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Above: 3600-rpm, 3-phase, 440-volt, type HP explosion-proof motors in 5- to 25-hp ratings operating pumps at a large refining plant.

At right: 7½-hp type HP explosion-proof motor.

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aim of most of the recent series of orders is to route more marketed stock into those slaughterhouses which are federally inspected (BW-N 28'45, p41). Thus meat becomes eligible for purchase by the government, and accordingly subject to federal set-aside orders as well.

This week, the War Food Administration built another dike to keep meat flowing into the desired channels. An amendment to WFO 126.1 reduces the number of cattle and calves on which federal subsidy will be paid to a non-federally inspected processor. Formerly, this packer could collect subsidy on 100% as many head as he slaughtered in the same period last year. This is now cut to 75%.

For the first time, sheep and lambs from non-federally inspected plants are now put under subsidy limitation: 100% of the same period in 1944.

TRUCKS KEEP ROLLING

Although truck shortages have been severe in the East and Midwest, the nation as a whole has not been so badly affected as is generally believed. A compilation by R. L. Polk & Co., Detroit statistical agency, shows that official truck and commercial vehicle registrations have declined only 3.4% since 1941.

Polk's 1944 registration total was 4,393,329 units, against a 1941 aggregate of 4,551,726. The reduction was in marked contrast to earlier passenger car tabulations, which showed a 13.18% drop from 1941 to 1944.

One reason for the steady registration volume of trucks, of course, has been the trickle of production for civilian use during the war. Another has been the insistent need for commercial vehicle types, which kept them on the road in condition which would have sent passenger cars to the junk yards.

The most notable aspect of the truck registrations was a shift in ownership from the East and Midwest toward the South, Southwest, and West.

Significant gains in registrations in 1944, compared to 1941, came in Arizona, Delaware, Idaho, North Carolina, North Dakota, Oregon, South Carolina, South Dakota, West Virginia, and Wisconsin. Smaller gains were shown in Alabama, Florida, Kansas, Tennessee, and Washington.

The big declines during the war years have occurred in the District of Columbia, Indiana, Louisiana, Maryland, Massachusetts, and Missouri, each with losses of 10% or more. Declines of 5% to 10% came in Illinois, Kentucky, Maine, Mississippi, Nevada, New Hampshire, New Jersey, New York, Ohio, Texas, and Virginia.



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Intangible Oil

May reopen case outlawing tax regulation under which the oil industry recovers some costs of drilling and exploring.

The U. S. Circuit Court of Appeals at New Orleans this week considered a petition for rehearing of its recent decision invalidating a federal tax regulation which, for 27 years, has permitted the oil and gas industries to deduct certain intangible expenditures for well drilling and development as a business expense in computing taxable income.

• **Double Deduction Barred**—The court had ruled that such costs are permanent improvements, not business expense, and that they can be recovered only through the operation of another tax regulation—the depletion allowance—which has been in effect with congressional sanction since the first income tax enactment in 1913. This regulation sets up a mode of depletion for the extractive industries (oil, mining, timber) by which capital invested in oil and gas wells can be returned by means of an annual deduction of $27\frac{1}{2}\%$ of gross income (but not to exceed 50% of net) of individual producing properties in figuring taxable income.

The New Orleans court cited earlier rulings that the depletion allowance includes and recaptures investments in wells, as well as in the oil and gas in place, and that when the depletion allowance is taken there can be no additional allowance by way of depreciation of the well. The Circuit Court of Appeals went a step farther, asserting that, operating together, the invalidated regulation and the depletion allowance give drillers of successful wells a double deduction not intended by Congress.

• **Drilling Falls Off**—The petition for rehearing warned that adherence to the New Orleans decision might bankrupt a large number of big and small producers by imposing additional tax burdens in staggering amounts. In addition, the court was told, exploration and discovery work will be substantially reduced for lack of funds.

Even before the warning was given, uncertainty raised by the decision had resulted in extensive cutbacks in drilling programs, despite assurances of the Internal Revenue Bureau that it would ignore the court decision unless directed by law to do otherwise. A sharp drop in drilling in the third quarter was forecast unless the situation is straightened out, and quickly. In west Texas, the Independent Petroleum Assn. reported,

cutbacks have been so numerous that rigs, formerly short in supply, are now plentiful.

• **Industry Storm Center**—Whether tax allowances are a stimulus to exploration has long been hotly debated between industry and Treasury Dept. experts. Allowances for intangible costs and depletion, Treasury spokesmen claim, together deprive the government of \$155,000,000 a year in potential revenue.

In fact, Randolph Paul, while Treasury adviser, told a congressional committee that it would have been cheaper for the government to have paid the entire cost of drilling all the dry holes classified as wildcat wells in 1941. Such drilling, he said, cost \$50,000,000, while intangible costs deducted were estimated at \$65,000,000. Paul also contended that the allowances were ineffective as a stimulus because a large part of the benefit accrues not to the prospector but to operators and royalty owners.

• **Tax Liabilities Reduced**—Whatever the effect of tax allowances on exploration, there can be no doubt that they mean substantial reduction in the drillers' excess-profits taxes. The outlawed regulation gives taxpayers the option of charging certain intangible costs to expense or to capital account, stringing them out over a period of years.

In actual practice most operators charge the expenditures to current expense, thus lowering the balance of income subject to taxes. To large operators this means substantial reduction in excess-profits levies. To small operators the deductions are even more important. To stay in business, the small company, usually short on operating cash, needs a quick turnover if it is to continue drilling.

• **Called Special Privilege**—The bitterest controversy between the oil indus-

try and Treasury experts has been on the depletion allowance. This, the government men claim, is a special privilege granted to no other industry.

In 1941, the Treasury claims, the depletion allowance permitted four major oil companies to set aside for federal income and excess-profits taxes less than 26% of their net income for the year as reported to stockholders. These minor companies, Treasury figures for 1941 show, set aside even a small part of income, the percentage varying from 19% to as little as 2%.

• **Recoveries Exceed Costs**—Some Treasury advisers say that their biggest objection to the percentage depletion allowance is that the amount of income it frees from taxation bears little or no relation to the actual cost of the depleted property.

In testimony before a congressional committee in 1942, Paul claimed the percentage depletion continues even after 100% of the cost of the property has been recovered. For example, he said, one of the leading oil companies in the east Texas field at that time still had in the ground more than 75% of the original oil reserves in ten properties. Yet this company had recovered through depletion, and the intangible cost deductions, more than the entire cost of the property and of intangible development. If continued, Paul pointed out, the depletion deductions would approximate five times the cost of the properties.

• **Ruling Exceeds Issue**—The law suit which resulted in the revolutionary ruling was a consolidated action brought by the F. H. E. Oil Co. and Fleming-Kimbell Corp. appealing from a decision of the Tax Court of the U. S. upholding the Commissioner of Internal Revenue's disapproval of allowances

How Tax Ruling Affects Oil Producers

This example illustrates how the U. S. court decision prohibiting the charging of intangible oil and gas well drilling and development costs as expenses would affect a company having a \$100,000 gross income from oil production and entitled to a $27\frac{1}{2}\%$ depletion allowance:

	Present Formula	If Decision Is Applied
Gross income	\$100,000	\$100,000
Less: operating expense	\$15,000	15,000
Intangible drilling costs	25,000	40,000
Net income before depletion	60,000	85,000
Less depletion allowance ($27\frac{1}{2}\%$ of \$100,000)	27,500	27,500
Taxable net income	32,500	57,500
Normal corporation tax (40%)	\$ 13,000	\$ 23,000

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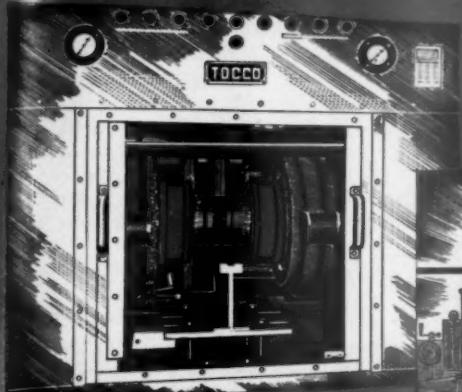
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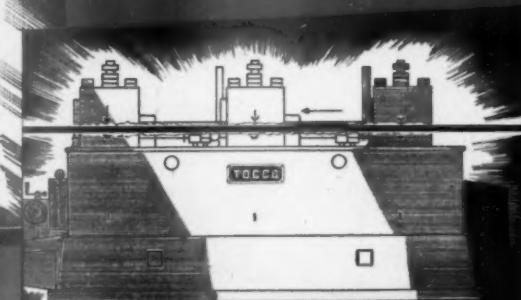
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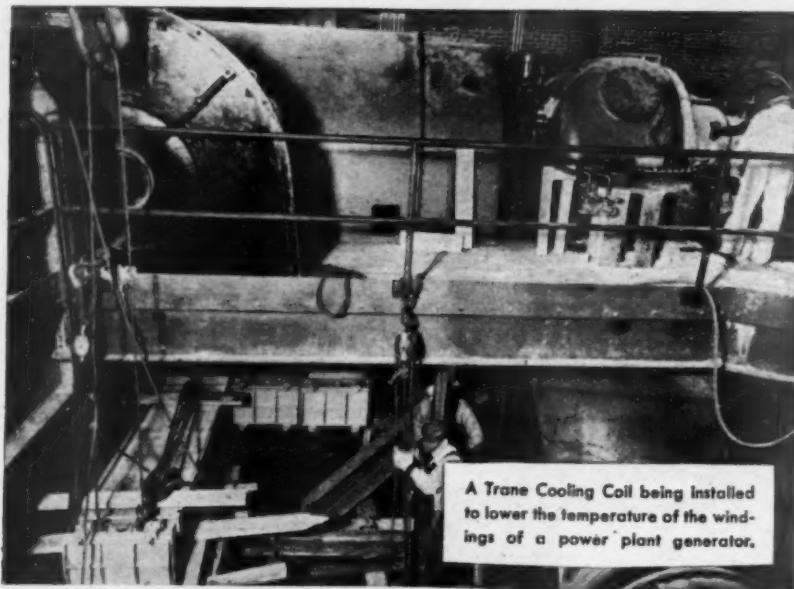
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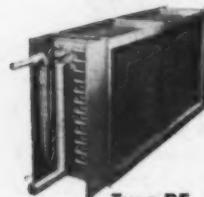
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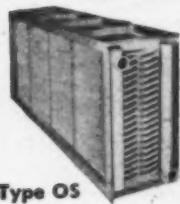


THE HEAT REMOVER THAT SOLVES A THOUSAND COOLING PROBLEMS

Trane provides a Cooling Coil for every process and comfort application



Type DE



Type OS



Type TS



Type R

By removing heat Trane Cooling Coils do a multitude of temperature lowering jobs. Best known is their task of extracting heat from uncomfortable air for human comfort. But with that their job just begins.

They cool the windings of generators which might otherwise over-heat and burn out. They cool and condense gas in electric furnaces to prevent oxidation in such processes as copper brazing and bright annealing. They help to make better bread by removing heat from the loaf as it comes from the oven. They cool the oil that cools power transformers. They remove the heat from jacket water of diesel engines. They help make radio transmission possible by cooling the electric tubes used in broadcasting. They dissipate the heat of compression in large central air compressor systems. They even keep milady's fur coat in tiptop shape when she stores it for the summer at the furrier.

These are but a few of hundreds of applications of Trane Cooling Coils for cooling and dehumidifying air and other gases and for cooling liquids. Whether encased in an air conditioning unit, evaporative condenser or cooler, product cooler used separately, or incorporated in the machinery of others, Trane Cooling Coils provide for the maximum transfer of heat.

Trane Cooling Coils are available in four types for cooling with chilled water, cold well or municipal water, or any direct expansion refrigerant. Coils can also be provided for raw water from river, lake or pond, for circulating oil, glycol, or other viscous fluids.

Water coils may be furnished with positive drainage features that will prevent freezing and with removable headers to facilitate tube cleaning.

If you have a cooling problem, whether for comfort or process, call on Trane first. Either contact the Trane branch office nearest you, or write for Trane Catalog DS-365.

Also write for your copy of the new **TRANE POSTWAR PRODUCTS BULLETIN**.

TRANE
AIR

THE TRANE COMPANY • LA CROSSE, WISCONSIN
TRANE COMPANY OF CANADA, LTD., TORONTO
AIR CONDITIONING • HEAT TRANSFER • AIR HANDLING EQUIPMENT

for intangible costs of drilling on property leased with the obligation to a well within a stated number of days lose their rights.

Although the issue presented to court was limited to that point, court went beyond the direct issue outlawing the entire regulation.

From time to time since its promulgation in 1918, application of the tangible cost allowance has been whittled down. The petition for rehearing is based on the claim that the validity of the regulation was not questioned either party to the action, and that the court heard no argument and took evidence on that point.

An accompanying brief disputes observations of the court that Congress never had authorized the intangible allowance. The brief cited in particular the excess-profits tax law which expressly authorizes deduction of such tangible costs.

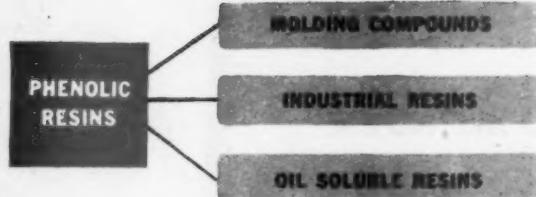
• **Validating Law Asked**—Meanwhile committee for the oil industry is laying plans to expedite federal legislation.



ELECTRONIC TYPEWRITER

At Schenectady, General Electric and International Business Machine engineers demonstrate the radio typewriter to New York police communications officers. Using improved models of I.B.M.'s earlier radiotypewriter equipment (BW-Mar. 16 '40, p8), the operator types the message on a tape to be transmitted by radio circuit and picked up by the receiving typewriter—a service to be offered by the radio relay system being built by I.B.M. with General Electric equipment.

DUREZ



LOOKING FOR A LONG-DISTANCE OPERATOR?

The unusual impact strength of the Durez phenolic casting is what makes this telephone a real long-distance operator. Few people realize what a terrific beating the average telephone takes even under the most favorable circumstances. However, the rigid requirements of this telephone for impact strength, dielectric strength, and moldability were more than met by the Durez phenolic molding compound selected. Durez plastics provide the design engineer with such desirable properties (in addition to those mentioned above) as heat resistance, moisture resistance, highest dimensional stability, and resistance to mild acids and alkalies. Add to the product versatility of Durez phenolics the many new molding methods and processes developed by your custom molder, and you can appreciate the almost unlimited scope which is available to progressive manufacturers with a "weather-eye" on post-victory markets.

Perhaps the above at-a-glance picture of Durez operations suggests an idea to you. Perhaps not. In any case, you'll find it advisable to investigate Durez phenolics before selecting the materials for your post-war products. The versatility of the more than 300 Durez molding compounds, industrial resins, and oil



GETTING HIT WITH A HAMMER CAN NOW BE A PLEASURE

Safety helmets that are said to possess almost double the impact strength of laminated headgear formerly produced are now being low-pressure molded from Durez-resin-impregnated duck. The use of Durez phenolic resins for impregnating such materials as duck, paper, or sheeting is now being practiced successfully on such a wide scale that the design engineer has a myriad of proven applications available for study to assist him in selecting the resin that precisely fits his job.



THE INSIDE STORY ON METAL CONTAINERS

Durez phenolic resins used as sanitary coatings on the inside of food containers are resistant to fruit acids, wines and beer . . . are odorless and non-toxic. The versatile properties which Durez phenolic resins impart to paints, varnishes, enamels, lacquers, and inks, make them of unusual value to the progressive manufacturer with post-victory markets in view.

soluble resins makes their applications almost limitless. As specialists in the production of phenolics during the past quarter century, Durez technicians have acquired a wealth of experience which extends throughout practically all fields of industry. The benefits of this rich

background and the enormous collection of data in our files are available at all times towards helping you select the proper plastic material to fit your job. Durez Plastics & Chemicals, Inc., 245 Walck Road, N. Tonawanda, N. Y.

PLASTICS THAT FIT THE JOB

NO WONDER
IT'S TOUGH!
IT'S A
KELLY!



KELLYS ARE TOUGH!

The "woodpecker" treatment that tough Kelly Truck Tires get every day, operating under heavy loads at stiff schedules, proves that they can "take it." Presently, the expanded output of Kelly's completely modern plant is going largely to fill mounting military demands. Few tires are available for even essential civilian needs. So make yours last. Recap them. When you are eligible, get tough Kellys.

THE KELLY-SPRINGFIELD TIRE COMPANY
Cumberland, Maryland

KELLY

TRUCK TIRES

Proved and Improved for Over Half a Century



ready introduced, to validate the regulation.

It was reported that the oil industry has decided not to carry the case to the U. S. Supreme Court should the New Orleans court adhere to its decision, was said the industry believes there is a risk that the Supreme Court might reverse the lower tribunal. The industry's decision, of course, does not prevent the companies directly concerned from appealing.

• **OPA Hints Relief**—The hopes of operators were raised last week when it became known that OPA's new oil company survey questionnaire now includes total production data, the cost of placing oil reserves. OPA continues to refuse to accept the replacement element, but the new questionnaire indicates that it at least has compromised to the extent of including space for this information.

Who Gets the Gas?

End-use issue is one of many complex problems slated for FPC inquiry. Meanwhile Senate group may explore field

Few industries have had such comprehensive investigations as the one projected for natural gas by the Federal Power Commission. That inquiry, which may run for months or even years, will cover such varied factors as competition between fuels, transportation, investments, conservation, and conflict of state and federal jurisdiction.

• **End-Use Question**—To an already complex subject is added a social question involving what FPC calls "superior industrial uses." Believing that gas reserves are rapidly being depleted, FPC holds that true conservation requires the regulation of the end-use of the fuel—that "superior uses" should be favored over other uses.

The inquiry, originally scheduled to begin May 1 with hearings in Kansas City, has been postponed to "late summer or early autumn" to enable several state conservation authorities to prepare their material.

By the time FPC gets going it will probably travel over ground already covered, at least partly, by the Senate Special Committee to Investigate Petroleum Resources. That committee has announced one of the most ambitious inquiries ever planned on the subject of oil, to start May 17. It is next to impossible to run such an investigation without getting into gas as well as oil. The production of the two are interrelated; the producers are largely iden-



IT TAKES A LOT OF THESE .. TO WIN A WAR!

THE smokestacks forming the background of this advertisement are not there for decoration. They are symbols of the hundreds of boilers built by Combustion Engineering in recent years to supply much of the steam needed for America's new war production facilities. After the war these same C-E Boilers will be producing low-cost steam for the manufacture of peace-time goods. This symbolic representation of one phase of Combustion Engineering's war work suggests the resources and facilities of this organization and its ability to deal effectively with any problem involving steam generation.

A877

COMBUSTION ENGINEERING
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For Faster Bending and Straightening

**MODERN BIRDSBORO PRESS
CAN FACILITATE THESE JOBS
IN YOUR PLANT**

You can facilitate your bending and straightening operations on this modern Birdsboro Hydraulic Press. The press as illustrated is equipped with horizontal and vertical rams, permitting bending and straightening to suit your requirements. The special design of the Birdsboro Hydraulic Press also permits setting-up and removing work from either side, to further facilitate production.

Birdsboro Hydraulic Presses are designed and built to help make your pressing jobs as easy and as productive as possible. Our engineers work with you right from the start. Draw on our diversified press experience to get the individual type of hydraulic press that best meets your needs. Call Birdsboro today.



Birdsboro Steel Foundry & Machine Co. • Birdsboro, Pa.

BIRDSBORO
HYDRAULIC PRESSES

tical—outside the producing division of the big gas utility companies are few simon-pure producers of gas. • **What Oil Men Fear**—Opposition by many oil men to further extension of FPC authority is their fear that it would lead to regulation of oil production through the close association of the two resources (BW—Dec. 23 '44).

The Senate committee is headed by Sen. Joseph C. O'Mahoney of Wyoming. The committee was created when the storm arose over the Ickes-proposed pipeline in Arabia. It has never had a public hearing but did have an initial hand in blocking government participation in the proposed trans-Arabian pipeline for transporting oil from the Persian Gulf area to a port on the eastern end of the Mediterranean (BW—Dec. 18 '43, p22). This line eventually may be built by the Arabian American Oil Co., owned jointly by the Texaco and Standard Oil Co. of California.

Seven of the eleven members of the Senate committee represent gas-producing states.

• **How Industry Views Inquiry**—Oil and gas men, generally, through action of their associations have opposed not only the FPC's attempts to gain greater authority, but its proposed investigation as well. The Petroleum Industry Council holds that any inquiry should be made by a joint congressional committee. The Independent Petroleum Assn. of America asserts that natural gas is the proper concern of the states wherein it is found. Recently organized, the Independent Natural Gas Assn. is opposed to the inquiry.

Several of the producing states have been loud in their opposition to further exportation of their gas to other states. West Virginia attempted to restrict exports after the last war, but the legislation was knocked out by the U.S. Supreme Court. Texas and Louisiana have been recent vigorous objectors to having their gas piped away.

• **Notable To-Do**—Texas officials had a notable to-do over construction of the Tennessee Gas & Transmission pipeline east (BW—Jan. 6 '45, p21). It was Louisiana's Sen. John H. Overton who introduced legislation to authorize FPC inquiry. The measure failed to receive congressional attention, so FPC went ahead on its own.

Producers, in general, fear extension of FPC or other federal controls over their business. They have a primary grievance (the average sale price of gas at the well is less than 5¢ per 1,000 cu. ft.) but doubt that FPC can or will help them. FPC's policy is to reduce rates, despite its conservation aim and the fact that low rates boost demand.

• **Additional Legislation**—FPC says that its investigation is intended to

Oregon LIKES ITS NEW PEOPLE— AND ITS NEW PEOPLE LIKE Oregon



OREGON'S POPULATION INCREASE OF 11% FOR THE 1940-1945 PERIOD
IS CONSISTENT WITH THE GROWTH FOR PREVIOUS DECADES

cores of thousands of war-workers and their relatives have moved to Oregon since Pearl Harbor to give a hand with our contracts. At first neither they nor we bought much about what would come of it. There was a job to do.

Recently they have looked at us. We have looked at them. Both are satisfied. They are our kind of people—mostly from the Mountain and Middle Western States with an enterprising smattering from the whole country. They have joined in winning for the Portland-Vancouver area, among other things, the shipbuilding record of the nation. That means the shipbuilding record of all history: Over 1000 great vessels! Over 8,000,000 tons!

We repeat, they looked at us. They have seen that Oregon has remarkable variety compared to other places: the greatest stand of timber of any state; a rising industry

founded on the incredible power of the Columbia and our other swift rivers; agriculture ranging from wheat ranches through orchards to seacoast dairies; foreign trade; fishing; mining. The selection is wide; the future has no horizon.

Our war-workers want to stay; we want them to stay; we have the opportunity for them.

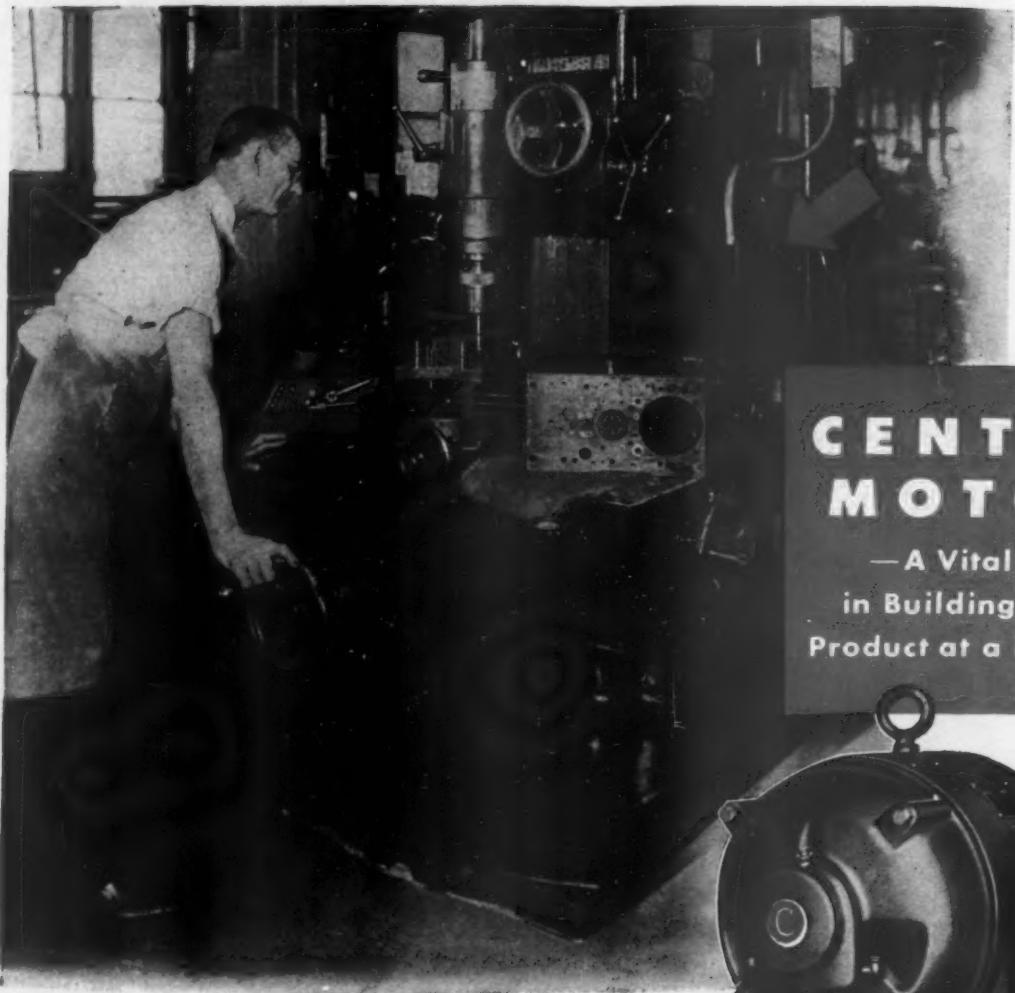
In making your own plans for the future, consider our Promised Land out "Farthest West".

ONE NEWSPAPER ALWAYS LEADS... IN OREGON IT'S

The Oregonian

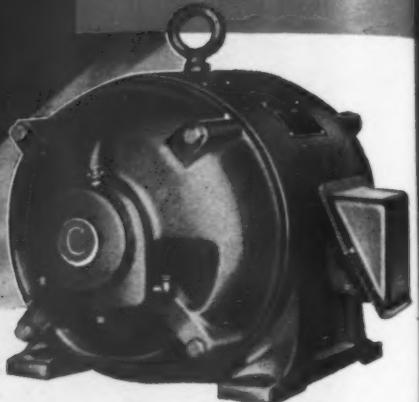
The Great Newspaper of the West—Portland, Oregon

REPRESENTED NATIONALLY BY PAUL BLOCK & ASSOCIATES



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in Building a Better
Product at a Lower Cost



Get Closer Tolerance With the Help of Century Motors' Unusual Freedom from Vibration

The Century Motor on the jig boring machine shown above is inside and out of sight and forgotten for many days at a time, but it is a vital factor in holding tolerances to $\pm .0002$ " on tools, jigs, and fixtures. These Century Motors start, come up to speed, and run quietly and smoothly.

Century Motors' unusual freedom from vibration contributes to the precision work demanded of tool room machinery.

Whether for the tool room or the production shop, there is a Century Motor to meet any machine tool and practically any other ap-

plication. There is a wide range of types and sizes to meet the power demands and to provide protection against the surrounding atmospheric conditions.

They are offered in almost any combination of horsepower ratings and frames from 1/20 to 600 horsepower.

Specify Century Motors on all your electrically powered equipment. Engineered to the functional characteristics of the machines they drive to assure top performance—Century Motors are a vital factor in building a better product at a lower cost.



CENTURY ELECTRIC COMPANY • 1806 Pine Street • St. Louis 3, Missouri
Offices and Stock Points in Principal Cities

to determine whether additional legislation is needed. It has been as to an open declaration that it has authority under present law to prescribe end-use of gas. It worried over the action in its annual report for 1940, and then to think that it needed a widening of the natural gas act, and that a careful study might lead to the conclusion that "use of natural should be restricted by functions other than by areas." Through existing authority to grant or withhold permission to construct new lines, it can relate as to areas.

Notwithstanding the apparent doubt often felt, FPC stepped boldly into the home's nest of end-use regulation year when it denied the application of Memphis Natural Gas Co. to construct certain new facilities. Among reasons given by FPC was that the reserves tapped by the applicant were being depleted rapidly and that it was in the public interest to conserve gas for "domestic, commercial and other industrial uses."

What Is Superior Use?—The echoes of that decision are still ringing. What is superior industrial use? How far should this authority be extended, and it become established policy? Could the making of clothespins by using fuel gas in the plant be inferior to the making of shoes? That is to say?

The coal industry may be expected to take a hand in FPC's inquiry. Gas undersold coal in many areas, and for many years. Mine operators and miners will find this a common ground. The National Coal Assn. hailed the Memphis gas decision as an important victory for the coal industry. The United Workers has, in recent months, called for legislation to prevent the war emergency Big and Little Inch oil lines from being turned into gas lines when they are no longer needed for oil, as has been proposed in some quarters.

Another interested party is the Dept. of the Interior, which has let it be known that it feels that it should make inquiry of its own. Two of the department's subdivisions, the Bureau of Mines and the Geological Survey, have been dealing with gas for years. **Railroads Affected**—The railroads, carriers of coal, have said little to date. Through the Assn. of American Railroads and the American Short Line Rail Assn., they have filed an outline with FPC in reply to an invitation (not to many) to suggest the scope to be covered. The railroads had many suggestions. Competition with other fuels was one of them.

FPC will not lack supporters in its efforts toward greater regulation of gas. Railroads and coal constitute a larger,



On December 24, the roof of the garage housing a number of trucks belonging to the Rochester Carting Company, Rochester, N. Y., collapsed under 23 inches of snow. As the truck directly in the path of a heavy steel girder survived as shown in the photograph below. Merchandise in the truck at the time of the accident was undamaged.



Lindsay and Lindsay, 222 W. Adams St., Chicago 6, Ill.; 60 E. 42nd St., New York 17, N. Y.; or Lindsay Structure (Canada) Ltd., Dominion Square Bldg., Montreal.

LINDSAY ls STRUCTURE

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FOR NEW HEIGHTS**

Paper is performing wartime duties so startlingly novel you'd scarcely recognize paper as the substance you once knew. Paper hasn't drawn these assignments as a stop-gap substitute for scarcer materials, either—but because paper does the job better and does it for lower cost. You'll be able to soar to new altitudes of efficiency and economy in business and industry on wings of paper after the war ends.

Paper's new forms and adaptations are restricted to military use now, of course. But after peace returns, and after we have fulfilled our wartime responsibilities, we'd like to help you put paper as you've never known it before to work for you.

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FOR THE DEPTHS

Seawater isn't blue to the gob we new plastic sunglasses which trans colors in true values. Through the water at 2-ft. depths appears white, yellow at 6, green at 8, dark green at 10, black at 20. And he can also obstructions and fish, factors which undoubtedly will create a postwar demand for them by small boat owners and fishermen. Developed by Polaroid Corp. and American Optical for military use, the glasses utilize light-polarizing plastic which transmits only 12% of visible light.

more solid bloc than the oil- and gas-producing industries and the gas companies can show. On the other hand, it is the consumer who likes to burn gas in his home. Utility companies transporting gas long distances contend they can't perform this service for residential and commercial users alone—they need big volume deliveries to industry.

The problem has such broad economic and social implications that it is not likely to be settled quickly.

GAS RATE CUT FOR HOME

Apparently intent on holding the rates for users of residential utility services under its jurisdiction, the Georgia Public Service Commission, for the second time in four months, has effected substantial savings to many residents.

At the end of 1944, the commission ordered the Georgia Power Co. to fund more than \$900,000 to its 1,000,000 customers (BW-Jan. 6 '45, p 56). Last week it ordered a reduction of \$410,000.

ally in the residential rates of the Atlanta Gas Light Co., in Atlanta and other cities, but at the same time reduced the charges for large users by approximately \$100,000. The reduction for the average customer use of 100 cu.ft. will be 28¢ a month.

Manufactured gas rates in Athens, Augusta, Valdosta, Waycross, and Brunswick also were ordered reduced approximately \$30,000 a year. The reductions affect 84,600 customers of the Atlanta Gas Light Co., while increases will be felt by less than 10 large commercial and industrial users.

More Peanuts

Industry seeks new uses and wider markets. Funds for research may total \$1,000,000 within three-year period.

When directors of the National Peanut Council sat down to lunch late last month in Fort Worth, Tex., they had a menu that pleased them no end. It consisted largely of peanut products—a meat substitute in the form of peanut protein cakes, peanut butter, peanut parfait and malted drinks, topped off with toasted, salted, and candied peanuts.

Thus fortified, the council leaders decided to spend \$1,000,000 within the next three years to expand postwar demand for peanuts through research, advertising, and greater production. An appropriation of \$300,000 for 1946 may be stepped up later.

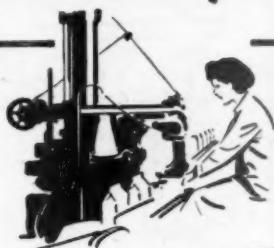
Food Value Stressed—The council proposes to educate American people to eat more peanuts in the form of new types of foods, confections, baking and cooking flour, candy bars, peanut drinks, and combinations of peanuts, sweet potatoes, and other staples. Consumption of roasted peanuts is expected to be increased through national advertising stressing the high food value of the peanut.

This was the first time that the council's board had met in the Southwest—concession to the important rank which Texas has attained in less than five years as a peanut state. Texas annually plants approximately 1,000,000 acres to the variety known as the Spanish peanut, with a yield of over 10,000,000 lb. This is contrasted to a 1939 average of only 86,453,000 for the state. The deep South, headed by Georgia, is the leading producing area.

Competes With Cottonseed—The peanut crop has been steadily

3 "BIG GUNS" in Industry's cost-reducing barrage

1 Automatic machines—fast, dependable, tireless.



2 Automatic boiler firing—to cancel out human factors in the power equation.



3 Automatic control instruments—to flatten out processing ups and downs... keep output and quality at the highest and costs at the lowest possible levels. For the advancement of these instruments to their present high accuracy and efficiency, Foxboro is known the world over!

*-- and the third will be heard
more often than ever . . . postwar!*

Be cost-conscious... survival-sure! Make use of Foxboro Instrumentation, just as the plastics, petroleum, textile, rubber, aluminum and many another industry have done: to improve quality and quantity of output... to bring costs down to bedrock.

Like them, you can do all this simply by eliminating unpredictable

variations from your processing... closely controlling temperature, pressure, flow or humidity conditions every step of the way.

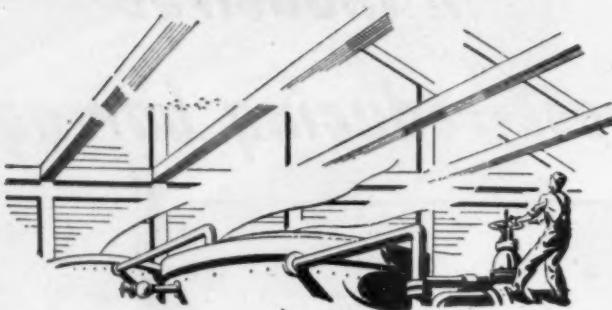
Experienced Foxboro Engineers will gladly show you how it's done. Today—phone, write, or wire... The Foxboro Company, 120 Neponset Avenue, Foxboro, Mass., U. S. A.

FOXBORO

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ALL STEAMED UP

But not Going to Go



Steam and chemical-laden vapors give ceiling and roof structures of wet process plants an awful beating. Ordinary lumber decays and other materials often go to pieces in a hurry. Wolmanized Lumber*, wood that's impregnated with Wolman Salts* preservative, is highly resistant to this attack. Its use adds years of service life here.

PRESSURE TREATMENT does the trick

Driving the preservative deep into the wood, under great pressure in steel retorts, is what does the trick. Protection is there for keeps. The excellent performance of hundreds of millions of feet of lumber so treated testifies to the worth of Wolmanized Lumber.



1656 McCORMICK BUILDING, CHICAGO 4, ILLINOIS

encouraged by the Agricultural Adjustment Administration and the Food Administration, because of the rising demand for peanuts as a source of oils and fats as well as protein. Peanut has come into direct competition with long-established sources of oil—cottonseed, and the more recently introduced soybean of the Midwest.

Texas and Oklahoma, which together produced about 500,000,000 pounds of peanuts last season, have several million acres of sandy soils in the two states which can be converted to peanut production from low cotton yields and low cotton crops.

Walter A. Richards of Columbia, Ga., president of the National Peanut Council, pointed out that after the new outlets for peanuts must be found to offset sales to the armed forces, which in the past three years have taken the oil as well as many of the

• **New Uses Sought**—The industry, in its projected research, hopes to develop new chemical derivatives from peanuts. Peanut protein is a raw material for plastics similar to soybean protein plastics. Some of the products of the peanut developed by the late George Washington Carver, Tuskegee Institute scientist, may find a stable market demand if further research is devoted to that field.

Experts from John Tarleton Agricultural College, Stephenville, near the center of Texas peanut production, developed new methods of peanut harvesting by which the root nodules containing atmospheric nitrogen nodules, for plant food, are left in the ground through use of a shallow, sharp implement called a sweep.

WILLOW RUN DEFIES WMC

Long-term differing viewpoints of the War Manpower Commission and the Detroit industry were again sharply contrasted this week when the Ford-owned Willow Run bomber plant, operating on its last production (BW-Apr. 28 '45, p24), blandly disregarding WMC rules, threatened to institute a five-day, 40-hour week.

Willow Run sought permission from Edward L. Cushman, WMC Michigan director, to reduce schedules from 40 hours a week, two shifts, down to 32 hours. Cushman refused, in line with the feeling of his office that until there is a labor surplus in the Detroit area, hours should not be reduced in major plants.

In the meantime, however, Willow Run had had schedule changes not yet printed, and went ahead posting them on its bulletin boards. Its position is that of most Detroit management which have insisted that there is



Time saved... INSPECTING HIGH PRECISION COLLET HOLDERS

The manufacturer of these collet holders reports "a time saving of eighty percent (80%) over the method formerly used - - - ", when a Jones & Lamson Pedestal Optical Comparator was installed. The angles are held to limits of ± 15 minutes of arc, and the straight diameter to $\pm .001$.

Through a highly precise lens system, a magnified shadow of the part is projected upon the screen of the Comparator and compared with a master outline drawn upon the glass. It's as simple as that, and the results are accurate beyond a shadow of a doubt.

Form tools, gages and other products with complex or multiform contours can be checked and measured in all dimensions by means of the standard measuring attachments of Jones & Lamson Optical Comparators.

For the method best suited to your own needs, consult a Jones & Lamson inspection engineer. There is one near you, and he is backed by an organization with over 20 years experience in the optical inspection field.

This book "Beyond a
Shadow of a Doubt"
will tell you more
about our Optical
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what they are doing.

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Manufacturer of: Universal Turret Lathes • Fay Automatic Lathes • Automatic Double-End Milling and Centering Machines • Automatic Thread Grinders • Optical Comparators • Automatic Opening Threading Dies and Chasers.

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When your boy or girl is ready to go to college, will you be ready? Will you be financially able to give your child the many advantages of such an education?

We have a plan that can help you to make college certain. It spreads the cost over the years from now to college age—and provides the money whether you live or die.

Ask a Prudential underwriter
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The time you save by using BELfone makes it the shortest distance between any two points—the quickest way to get things done in your plant or office. BELfone's instant two-way (talk and listen) vocal contact places any department or executive "just across the desk" from you—assures immediate action on orders or inquiries. No need to wait for messengers or written replies. BELfone also keeps phone lines clear of internal traffic, free for outside calls. Economical



standard units combine to fit your exact needs—any number of stations, any type of service, all the latest features. Write for complete details!



BELL SOUND SYSTEMS, INC.
1187 Essex Ave., Columbus 3, Ohio
Export Office: 4900 Euclid Ave., Cleveland 3, Ohio

today, nor has there been, a quantity shortage of labor, and that quality shortages have been only intermittent.

At midweek Ford and WMC promised. Willow Run continues under a slightly revised 45-hour week, less essential Ford plants at River Rouge, Highland Park, and Lincoln, which produce parts for B-24 bombers, will reduce their work-week from 48 to 40 hours.

Smithfield in View

Packers of famed ham say OPA ceilings make no allowance for specialty product. Point rise in cost of peanut-fed hogs

One of America's best known specialty products—its brand name protected by the special act of a state legislature—has been caught in the net of the complicated war regulations concerning the meat industry. Like other packing houses, particularly the smaller ones, Smithfield ham packers feel the pinch of OPA ceilings, government set-asides, and high prices on live animals.

- **Triple Damage Suits**—Last week the four largest companies specializing in Smithfield products had additional trouble on their hands after OPA filed triple damage suits for \$154,772 against them, charging violation of ceiling regulations. OPA is seeking \$77,000 from Smithfield Packing Co., \$41,700 from V. W. Joyner & Co., and \$36,000 from P. D. Gwaltney, Jr., & Co., all of Smithfield, Va.

The packers contend that government regulations make no allowance for the fact that Smithfield hams are a specialty product, that ceilings on unfinished hams have been held down while prices on live hogs have been allowed to rise. Smithfield companies claim that the government set-asides are unfair to them, since the War Food Administration order does not recognize the special qualities and values of peanut-fed hogs used for Smithfield specialties.

- **Roams the Woods**—A unique method is used in raising Smithfield peanut-fed hogs. The hog practically raises itself. During the summer it roams in the woods, living on roots, herbs, and nuts. In the fall when the lean hog is brought in from the woods, it is subjected to intensive fattening. First it is fed corn, soybeans, and grass; then it is turned into the peanut fields. Later the hog is penned, fed a straight corn diet for a few weeks, then slaughtered. It is never allowed to grow too fat or flabby.

Curing Smithfield hams takes six to eight months, but the trade considers

a quantity best ones those that have hung at quality months or longer.

Protection—Smithfield hams have been famous almost ever since small James River town of Smithfield was chartered in 1754, but it was not until after the Civil War that they gained more than a regional reputation. It was to protect that growing reputation that the Virginia state legislature in 1926 passed an act which provides that no ham may be sold in Virginia as Smithfield ham unless it is packed in Smithfield.

The law also stipulated that Smithfield ham may be cut only from hogs raised in the peanut belt of Virginia and North Carolina.

Smithfield packers have tried using hogs from other parts of the country, as well as those fed by different methods, but they say that the peanut diet is the only one that provides the right of a Smithfield flavor.

Virginia Style Hams—One of the principal packers, the Joyner company, which was purchased a few years ago by Swift & Co., cures hams shipped in from Swift's plant at Moultrie, Ga., in the other peanut belt, and sells them as "Virginia cured."

Several small packers in the Virginia peanut belt cure by the traditional methods of the section and sell their hams as Smithfield style, or Virginia style, or under private brands.

The packing industry employs about 1,700 residents of Smithfield, which in 1920 had a population of 1,181, though by 1930 it had dropped to 1,079 and by 1940 to 1,178. Even though the people of Smithfield by tradition grow up in the packing houses, the packers have had their labor troubles because of the proximity to Hampton Roads war industries. About 50 German prisoners of war are now employed in the packing plants.

Output Gains—Expansion of facilities in recent years, as well as the modernization of several plants to meet federal inspection requirements, have increased Smithfield production rapidly. Last year 300,000 hogs were slaughtered in the vicinity, about one-third for sale under the Smithfield label.

Smithfield hams admittedly are a luxury item, but wider distribution has been gained through the sales of concentrated products, such as deviled ham and a Smithfield sandwich spread. These products are distributed largely through the Smithfield Ham & Products Co.

A \$5,000 Ham—Perhaps the most carefully guarded Smithfield ham is one owned by the Gwaltney company. This ham was cured in 1902. It is insured against fire and theft for \$5,000. The meat is still in perfect condition.



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PRODUCTION

The Changed Picture: Production

Thousands of competitive battles in prospect as war-fostered materials and processes seek their place in civilian economy. Manufacturers and wholesalers already face difficult decisions.

Multitudes of new manufacturing materials and processes that have been inspired or improved by the war are ready for the resumption of civilian production. On the road back to peacetime production, thousands of competitive battles will be fought between producers of this metal and that plastic; this welding method and that casting, stamping, machining method; this pre-war product and that war-born substitute.

• **Significant Questions**—Will nylon recapture the women's hosiery market or will the prize be divided among other synthetics? Will natural rubber ever again carry the bulk of the world's automotive traffic? Will the diesel that has come of age during the war have to step aside eventually for the still adolescent gas turbine? Shall we cast our automotive crankshafts or drop-forged them? Will high-frequency heat-drying of penicillin supersede high-vacuum cold-processing?

Decisions confronting manufacturers and wholesalers right now—retail merchants and ultimate consumers, a little later—are legion, as just a few samples of the many new materials and processes available will testify:

• **Metals**—New deep-drawing steels, developed for military shell cases, will facilitate production of peacetime automotive parts, kitchen pots and pans. NE (National Emergency) steels of exceptional toughness and workability can continue to conserve scarce tungsten and molybdenum and nickel after the war. Magnesium, available for the first time in quantity, will vie seriously with aluminum and steel.

Aluminum alloy sheet with high zinc content will reveal new toughness in applications ranging from beer cans to railway cars. Brass that will not dezincify promises the same permanence to plumbing fixtures that it is now giving to naval condenser tubes.

• **Metalworking Processes**—Arc welding in an atmosphere of inert helium will help popularize magnesium by keeping its flammability under control. Centerless thread grinding will trim the costs of precision bolts and threaded parts for aircraft and other critical assemblies.

The lost wax, or investment, method of casting (which is really a revival of a process dating back to Benvenuto Cellini) is already doing yeoman work on precision parts of heat-resisting vitallium for the blades of gas turbines and jet engines.

Photographically produced, full-scale templates promise to replace blueprints in many phases of production before assembly.

• **Plastics**—New silicones which combine atoms of carbon and silicon for the first time in chemical history provide a wide range of new products—lubricants that resist tropical heat and subarctic cold, "bouncing putty," rubberlike plastics. Cerex is a new thermoplastic that can be boiled and sterilized. Vibron resins are a group of still newer

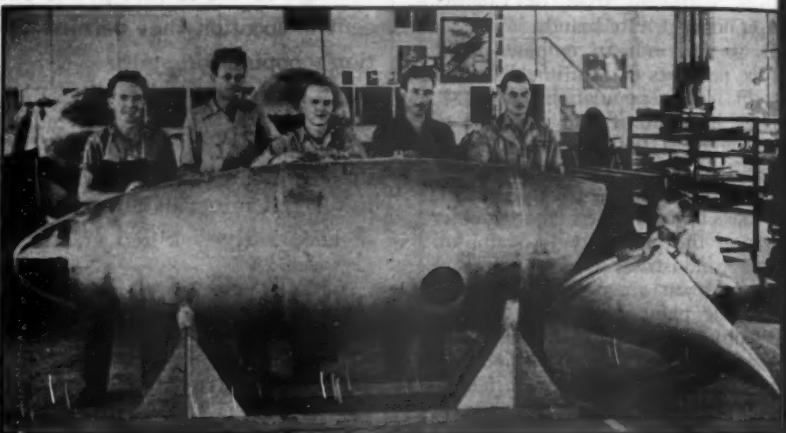
thermosetting plastics that come as liquids, set permanently at room temperatures and atmospheric pressures, substances hard, soft, or medium as desired with the addition of a catalyst.

Old standbys among plastics, such as the phenolics, urea-formaldehyde and celluloses, will all be more plentiful as the result of vast wartime increases in productive capacity for phenol-formaldehyde, and other component chemicals.

• **Wood**—Ship keels and masts built with water-resistant adhesives from many pieces of lumber are as strong and permanent as one-piece members. Soft woods impregnated with plastic take on the characteristics of hardwood plus a permanent polish. Hardwood chemically treated are bent without steaming to compound curves.

New plywoods with unlimited resistance to water replace metals in applications ranging from concrete forms to PT boats.

• **Glass**—Heat-tempered water tumbler bounce on the floor without breaking when dropped, and heat-tempered plate glass (some of it made into a sandwich with a flexible plastic inner sheet) glazes the bullet-resistant windows of tanks and airplanes. Glass drawn into fibers spun into yarn, and woven with or without asbestos yarn, now provides the ma-



AERIAL CARGO "EGG"

Adaptation of the 300-gal. auxiliary wing tank (above) to carry five men (left) puts Lockheed's fast Lightning fighters in the same category with troop transports. Originally the tanks carried fuel; a smart flyer discovered their utility in delivering beer cold. Now American Aero Supply Co., Los Angeles, adds a transparent nose, escape doors. With two tanks to a plane, P-38's now can transport four stretcher cases or ten fighting men.

it come room pressures medium as a catalyst, such as maldehyde more plene wartime y for phen components

al for fireproof door curtains on the of the Navy and the Maritime Commission; after the war, its uses are

Assembly Methods—Blind rivets for section and setting from the near side of an assembly come in a wide variety of metals and plastic, some of them being set by a special "gun" and others by the explosion of a tiny charge of powder in their shanks.

Organic adhesives, such as Cycleweld and Reanite and Plastilock, promise to bond metal to metal, metal to plastic, metal to wood, and other combinations permanently with bonds as strong as 300 p.s.i. and more.

electronics—High-frequency (HF) electricity not only makes radio and television possible, but heats metal for soldering, preheats plastics for molding, and kills all insect life in packaged foods. Radar, another HF application which spots enemy planes and ships at most unbelievable distances and directs gunfire automatically against them, will prevent ship collisions in peacetime and might conceivably keep two automobiles from colliding.

X-rays powered by 2,000,000-v. currents reveal the inmost secrets of steel several inches thick and permit motion pictures of gears in gearboxes, pistons in cylinders, and other mechanical components in action.

Miscellaneous Developments—Subject to cold treatment to increase the cutting life of steel tools, hold the softness of aluminum rivets after heat treatment, harden soft rubber temporarily for drilling, and facilitate shrink fitting. Plastics, and eventually textile fibers, made from unmarketable poultry feathers. . . . Synthetic sapphires to replace natural gems in watch and instrument jewels, to provide wearproof precision bearings, and eventually to make scratch-proof watch crystals possible. . . . Hot-dip, solventless lacquering that dries instantly. . . . DDT, which may win the war of man against insect. . . . Penicillin which has helped man in war and peace in his fight against infections.

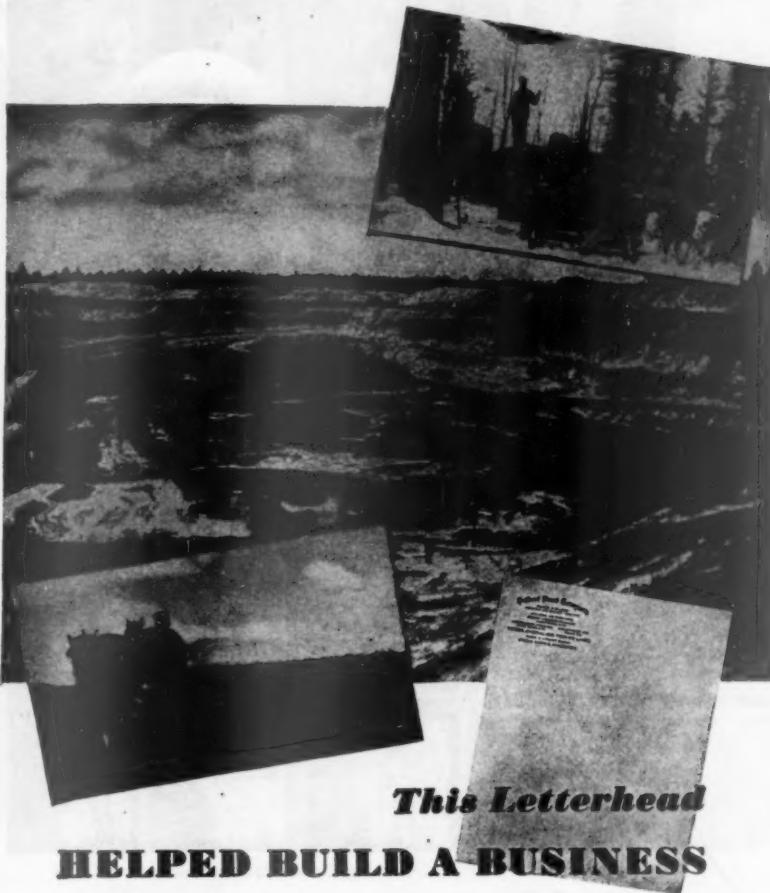
FREE METAL FOR RESEARCH

The government this week opened a new line of attack in its campaign to find commercial uses for magnesium, now that dwindling war needs are freeing productive capacity for this light metal (BW—Dec. 2 '44, p.20).

To 175 universities, colleges, and schools went an offer from Reconstruction Finance Corp. of a loan, without charge, of up to 200 lb. of pure magnesium ingots "for student experimentation in developing new and revolutionary uses."

Twelve government plants, largely

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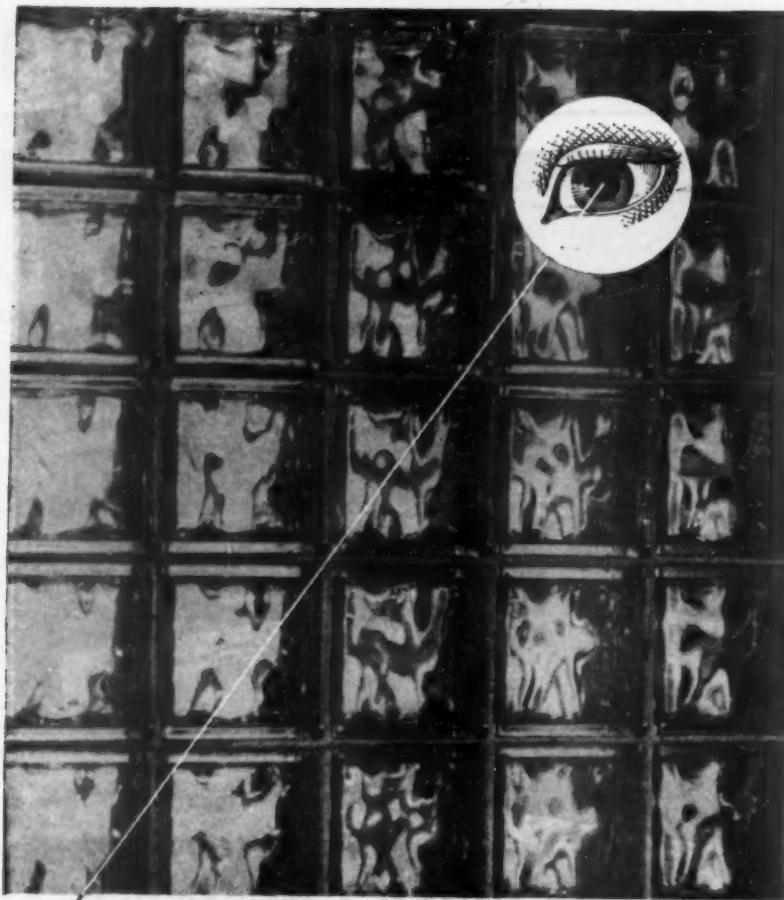
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idle, have a rated production of 42,333 350 lb. a month, and three private owned plants can produce an additional 5,800,000 lb. monthly.

Through this new offer of its Defense Plant Corp., RFC thus is following the pattern laid out by the Senate Small Business Committee in investigating possible civilian uses for magnesium and other light metals on which output was expanded tremendously during the war (BW-Mar. 17 '45, p18).

Alky From Waste

Seattle scientists reveal use for sulphite liquor—a process for producing butyl alcohol, yeast fodder, and a 6,000-B.t.u. fuel.

After two years of research two Seattle men have announced discovery of another means of utilizing the sulphite liquor which is a waste product in making wood pulp (BW-Apr. 15 '44, p19). They are Dr. Bror L. Grondal, professor of forest products at the University of Washington, and Maj. Henry W. Berger, a consulting chemist in Seattle.

• **Butyl Alcohol**—These have evolved a method of producing butyl alcohol from sulphite liquor. (This process should not be confused with that employed at a new plant of the Puget Sound Pulp & Timber Co., Bellingham, Wash., which manufactures ethyl alcohol as distinguished from butyl alcohol, from wood byproducts.)

Grondal and Berger expect that the butyl alcohol which will come from sulphite liquor will be used extensively by the plastics and synthetic rubber industries. They base their expectation on the fact that it provides a new and cheap source of butanol for these industries which heretofore have relied almost solely on such alcohol from molasses.

• **Fuel Discovery**—In addition, through their experiments, the two men have discovered a fuel which can be extracted from the sulphite liquor. It comes in the form of a heavy, insoluble precipitate with the heating qualities of wood and the appearance of finely cracked coal.

This fuel can be ground from its original form—granules, about the size of split peas—into powder. This powder may be blown into furnaces or pressed into lumps or logs. The substance burns in a manner similar to coal. It contains about 6,000 B.t.u. per lb. as against about 12,000 B.t.u. in average coal and from 5,000 to 8,000 B.t.u. in wood.

By weight the fuel precipitate accounts for about 12% of the sulphite

When you "Put your foot in it"

MICRO SWITCH

SNAP ACTION

Keeps an eye on the X-Ray



Here is an X-Ray device with which most of us are familiar. It is used in shoe stores and shoe clinics to permit customers and shoe salesmen to check, visually, the fitting of footwear.

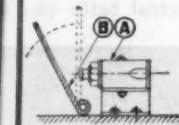
Such a universally used X-Ray must be unusually safe and the X-Ray Shoe Fitter, Inc. of Milwaukee, Wisconsin, rely on a Micro Switch snap-action switch for this purpose.

The die-cast enclosed switch is so located that it is impossible to open the cabinet in which the X-Ray tube is located without turning off the current to the X-Ray tube.

This use of Micro Switch products by the X-Ray Shoe Fitter, Inc., is typical of the use of these dependable switches for safety devices in all types of cabinets which house X-Ray tubes, ultra-violet ray lamps and electronic tubes. The sensitive, dependable action of these tiny switches exactly meets the demands of such applications.

Although small sized and sensitive, Micro Switch products provide unusual ruggedness and dependability for a wide range of special tasks in both war and peace production. Your engineers should be thoroughly familiar with these precise snap-action switches. We will send you as many of our Micro Switch Handbook-Catalogs as you may require. Write us today.

LET'S ALL BACK THE ATTACK BUY EXTRA WAR BONDS



Here Is How It Works

The die-cast enclosed switch "A" is mounted on a bracket just inside cabinet door "B".

When door "B" is closed, the normally open switch plunger is depressed. This closes the circuit and allows the X-Ray tube to function.

As soon as the door is opened, the plunger on switch "A" is released, the circuit is broken and the X-Ray tube shuts off.

All These...and Thousands More...

Do you need a switch to control temperatures, help to package products, bottle fluids, record airplane flights, make change, dispense drinks, control electronic tubes or steer a ship? Micro Switch snap-action switches successfully control many such operations . . . and thousands more.

Micro Switch engineers, experienced in the application of millions of these precise, snap-action switches, will be glad to show you how they will add long life and reliability to your products at lower cost.

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The basic switch is a thumb-size, feather-light, plastic enclosed, precision, snap-action switch. Underwriters' listed and rated at 1200 V. A. at 125 to 460 volts a-c. Capacity on d-c depends on load characteristics. Accurate reproducibility of

performance is maintained over millions of operations. Basic switches of different characteristics are combined with various actuators and metal housings to meet a wide range of requirements.

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Hydraulic Press Division

A. B. FARQUHAR COMPANY
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liquor. It gives off a somewhat sulphurous odor as it burns, but its two discoverers assert that the smoke and fumes could be treated at low expense if the fuel is used in industrial plants to release other types of fuels for residential purposes.

• Yeast Byproduct—Grondal and Berger also have discovered a source of yeast fodder in the sulphite liquor. It comes out in large quantities in the course of producing the butyl alcohol.

The yeast is high in nutritive value and vitamin content and is chemically pure. It may be used in home baking or by commercial bakers. Recovery of yeast substances from the sulphite liquor is accomplished by a comparatively simple, inexpensive, progressive process of precipitation, fermentation, and distillation.

• Always a Problem—Sulphite liquor always has been a major problem in the wood pulp industry. At the present time pulp mills on Puget Sound, in western Washington, are dumping 1,700 tons of liquor a day into the sound.

It long has been contended by fish interests in the state of Washington that the dumping of the liquor into Puget Sound and other waters causes pollution harmful to fish. Battles carried on against pulp manufacturers by fishermen have been before the legislature and courts of the state consistently.

Hence the Grondal-Berger discovery is being hailed in the Puget Sound area by pulpmen, fishermen, and industrialists who see enormous commercial opportunities in the process.

Sick Bay for Ships

Floating drydock's role in the Pacific naval war provides preview of important commercial uses in the peacetime world.

When the final history of the Pacific war is written, much of the credit for the victory will go to a part of the Navy that few people have even heard of—the floating drydocks.

A drydock is, in effect, a sick bay for wounded ships, in which battle damage and normal wear and tear are repaired, thus keeping the fleet in service. Thanks to the floating drydocks, we are no longer tied to established fleet bases which may be as much as 2,000 miles or more from the scene of action. Rather, we establish such bases where and wherever we may have a need for them.

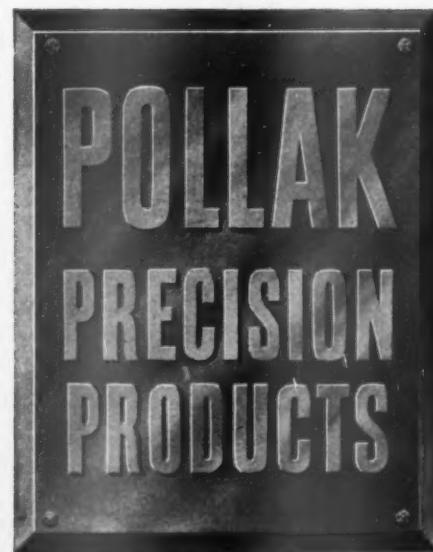
• The Idea Is Old—The floating drydock is by no means a new idea. One of the earliest patents issued by the United States Patent Office (in early 1800's) was for such a device. Navy towed a Maryland-built floating drydock to Manila as early as 1903, where it was used up to the time of the capture of Cavite by the Japanese in 1942.

The majority of types now in existence, however, were not in existence before the war. Their success is due to the fact that they were developed by the Navy to meet actual battle conditions.



From Henry Kaiser's Vancouver (Wash.) shipyard, the 4,000-ton midsection of a floating drydock (YFD 69) is towed to its berth at nearby Swan Island, Portland, where it will doctor war-damaged ships. When combined with the 500-ton end sections, it will be big enough to handle anything up to a cruise ship.

Someday,
production short-cuts
may prove economical
to you, through...



POLLAK MANUFACTURING COMPANY

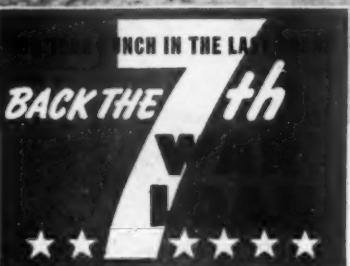
Arlington, New Jersey

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many economies**



HERE is a worthwhile crop of savings to consider. Fewer overhauls that mean less time in the shop, fewer repair bills . . . longer engine-block life that means more service per unit, fewer replacements . . . and lower fuel costs that mean important savings, accumulating day after day—these are the important benefits you reap when you install Pedrick *precisioneered* piston rings.

This fine performance of Pedrick rings is the outgrowth, largely, of Pedrick's exclusive process of Heat-Shaping. It imparts exactly the correct amount of tension around the entire circumference and fixes it there for the full life of the ring.

Pedrick rings in diameters up to 36 inches are available for all types of internal-combustion engines or other types of equipment where the sealing of liquids or pressures is a problem. Use them also in *guaranteed Engineered Sets* for reconditioning car, truck, bus, or tractor engines. **WILKENING MANUFACTURING CO., Philadelphia 42, Pa.** *In Canada: Wilkening Manufacturing Co. (Canada), Ltd., Toronto.*

Pedrick
precisioneered PISTON RINGS

under the new mobile concept of naval strategy.

• **A Buoyant Vessel**—A floating drydock is a buoyant vessel consisting of a reinforced rectangular box, similar to a barge, and two upright walls, known as wingwalls. The bottom and walls are pontoons—that is, they contain air spaces which may be wholly or partially filled with water to allow the dock to submerge sufficiently to admit a damaged vessel, and then pumped out until the ship's bottom is exposed for inspection and repair.

In newer types, the wingwalls also contain, above the submergence level the machinery for drydock operation and, in some cases, space for crew quarters, repair machinery, and storage. These latter types are completely self-sufficient except that they are not self-propelled. The reason for this is that the docks—even for advance base operation—need be moved only infrequently, hence the extra investment for propulsion machinery is considered unwarranted.

• **Self-Sufficiency**—Prior to the war, almost all floating drydocks were built for operation in established yards; they were made to float only so they could be towed from where they were built to where they were needed. Hence the machinery aboard consisted solely of pumps for unwatering, other services being furnished from shore facilities. This war's biggest contribution is the self-sufficient unit, able to operate by itself, away from established yards.

The Navy's new docks are of four main types. In order of size, starting with the largest, these are: the Advance Base Sectional Dock (ABSD), the Yard Floating Dock (YFD—page 66), the Auxiliary Repair Dock (ARD), and the Auxiliary Floating Dock (AFD).

ABSD comes in two sizes—"battleship" and "cruiser." The battleship size has ten sections which are towed separately to the scene of operations. Assembled, this dock is 827 ft. long, has 140 ft. clear width between wingwalls, can lift 100,000 long tons. The so-called cruiser version has only seven sections, provides a drydock 725 ft. long with a lifting capacity of about 56,000 long tons.

YFD is large enough to dock almost any merchant ship as well as naval vessels up to light cruisers. It consists of three sections, has an over-all length of about 525 ft., a clear width of about 90 ft. in the center section (less in the end sections), and a lifting capacity of 14,000 to 18,000 tons.

ARD, capable of docking destroyers, LST's, and other medium-size craft, is in one piece, 490 ft. long, up to 81 ft. wide, with 3,000-ton capacity.

AFD, for yard and patrol craft, mine

layers and sweepers, and small auxiliary ships, is 200 ft. long, has 48 ft. clear width, with a capacity of 1,000 tons.

• **How They Are Built**—Floating drydocks have been built from materials that would interfere least with the Navy's fighting-ship program, and in most cases have been built in areas where labor supply was relatively easy. Practically all of the construction has been done by steel erectors and general construction contractors rather than regular shipyards, and from designs made by civil engineers rather than naval architects.

Although steel has been used for the larger units, other docks have been built of wood, a combination of steel and wood, or of concrete. Despite questionable success in barge and ship construction, concrete has worked well in the drydocks. In contrast to other floating vessels, the drydocks seem to be helped by the additional weight of the concrete, which makes for added stability in operation.

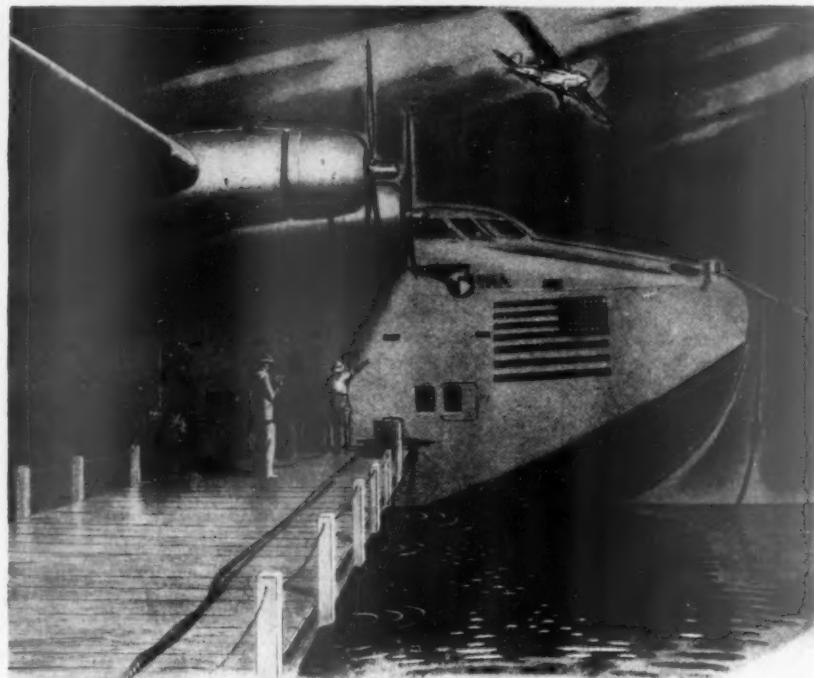
• **Peacetime Role**—For the postwar period, many floating drydocks will, of course, be retained by the Navy at semi-permanent bases. But they are also seen as a peacetime necessity for the maintenance of an enlarged merchant marine. Many are now assigned to merchant ship repair in commercial yards, which will undoubtedly be interested in purchasing them at hoped-for bargain rates.

The docks that are expected to be most useful commercially are those of steel or wood up to 20,000 tons capacity. Many of these units are designed to work alongside a pier or slip and require water only a few feet deeper than the draft of the ship to be serviced. Many also have cranes mounted on the wingwalls, eliminating the necessity for yard cranes. And all of the larger ones are self-docking for repair, and so may operate permanently away from other docks.

RESEARCH ON SAPPHIRES

Cheaper production methods for jewel bearings, a war-born industry (BW -Jul. 1 '44, p42) based largely on synthetic sapphires made by Linde Air Products Co., 30 E. 42 St., New York, will be studied by the production experts of Battelle Memorial Institute, Columbus, Ohio, under a \$35,000 grant made by WPB's Office of Production Research & Development. Uncut synthetic sapphires are selling currently at 2½¢ a carat and rubies at 4½¢, but labor costs in making them into bearings are the main problem. In peacetime, Swiss imports supply most jewel bearings used in the U. S.

The key to Roxalin's success in helping industry produce better looking, longer lasting products is the skill with which it transfers the unique strength, beauty and chemical resistance inherent in the basic plastics to conveniently applied surface coatings. *



On Clipper or Cub

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For over four years EMYCEL has been setting service records on all types of planes the world over. Big or little they spend more time in the air—less in the hangar when they are protected by this superior fabric finish.

Time after time EMYCEL-finished fabric surfaces have been put through the

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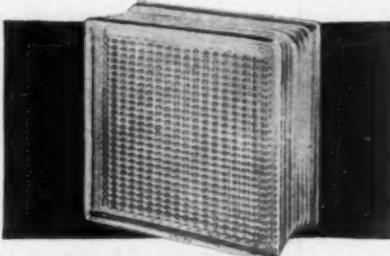
Gentlemen: Please send me, without obligation, your booklet entitled, "Rx for the Improvement of Buildings."

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NEW PRODUCTS

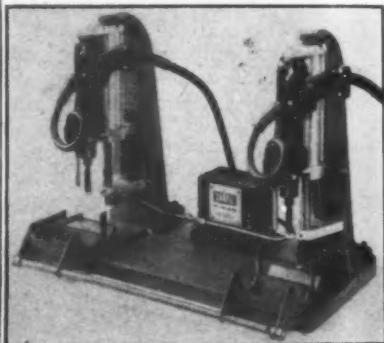
Synthetic Tire Improver

Dresinate 731 is the designation of a new resin emulsifier developed from pine rosin by the Hercules Powder Co., Wilmington, Del., for adding tackiness to synthetic rubber of the Buna-S type, hence improving the toughness and wearing qualities of tires made therefrom. Owing to military considerations, it is described only as a rosin acid derivative which replaces important quantities of the fatty acid soap normally used to bring about the polymerization of butadiene and styrene.

A new government rubber which is already being polymerized in quantity with the new additive is designated as GR-S-10. It is said that the original GR-S compound takes on some of the slippery quality of the soap used to make it and often requires additions of tacky natural rubber to make it workable in a tire plant. The resin emulsifier, which is anything but slippery, comes in the form of paste. It is shipped in tank cars, piped into storage, and thence to the polymerization chambers.

Multiple Stud Welder

Year before last, the Nelson Specialty Welding Equipment Corp., San Leandro, Calif., brought out its original elec-



tric arc stud welder for attaching studs of all types to ship plates, frames, and other structures (BW—Oct. 9 '43, p69). Now it is bringing out the Nelson Multiple Stud Welder Production Unit for assembling two or more studs at a single operation. It will be built to order to fit into a particular mass production or assembly setup.

Standard welding guns are mounted separately on pneumatic cylinders. Welding current is supplied by a conventional 400-amp. generator. Work is held in a chuck or by a special locating device. After studs have been placed

THINGS TO COME

Asbestos paper as thin as cigarette paper, now being made in limited quantities to insulate critical military electric components, will be ready for similar civilian applications only after wartime restrictions are lifted from special machinery required for full-scale production. The new inorganic sheet, described as possessing twice the dielectric strength of previous asbestos papers, makes possible electric coil windings of extremely close spacing—with all that means to the compactness, efficiency, and safety of electric and electronic equipment.

Asbestos book papers of heavier gauges, said to have excellent printing surfaces, will eventually be available for keeping permanent records that will never burn, disintegrate, or fade. Fireproof packaging papers become possibilities.

- There is hope ahead for overcrowded, undermanned commercial laundries in a newly designed extractor for removing moisture harmlessly from wet wash. Clothing, table linens, whatever, will be charged into a cylindrical hopper at the rate of eight loads an hour and their moisture squeezed out by hydraulic pressure. Power costs are said to be less than half those of previous methods.

in the guns, and a single control switch flipped, the first gun descends to make its weld, followed by the second (and a third, if there is one). The guns then ascend automatically for the removal of the work and the start of the next welding cycle.

Deburring Pellets

Something new is being added to the ancient art of metal tumbling with the advent of De Burettes. They are tumbling pellets of soft Neoprene synthetic rubber, impregnated with hard aluminum oxide abrasive, developed by the De Burr Barrel Co., 4559 Hollywood Blvd., Los Angeles 17, for use in almost any standard tumbling barrel. Purpose is the deburring of stampings, castings, and precision-machined metal parts made of brass, steel, or the light metals to tolerances as close as 0.0001 in. and the impartation of a uniformly smooth over-all finish.

Shoved into a tumbler like so many metal tumbling stars or balls, and revolved with the work, the soft pellets

**HANDLING + Processing + HANDLING + Assembling + HANDLING
+ Packing + HANDLING + Storage + HANDLING**

HANDLING—the Common Denominator of PRODUCTION



LET MEN DIRECT POWER—NOT GENERATE IT!

Continuous production depends, in great measure, upon a smooth, constant flow of materials. When skilled labor is required to move materials manually, much of the efficiency of modern production machinery is wasted. An uncontrolled flow of material can slow down production, too little material can stop it.

A modern, mechanized handling system is necessary to maintain production schedules. Towmotor, the *one-man-gang*, will provide an accurately controlled supply of material in the right quantities, at the right time and place. The Towmotor DATA FILE tells the complete story—write today.



TOWMOTOR
THE ONE-MAN-GANG

TOWMOTOR CORPORATION • 1221 E. 152ND STREET, CLEVELAND 10, OHIO



A Light Weight universal motor specially designed for portable devices requiring dependable power. Completely enclosed to exclude dirt and with provision for liberal lubrication.

ENTHUSIASM such as this, on the part of users of many types of products equipped with Lamb Electric Motors, stems largely from the fact that these motors are specially engineered for each particular application.

With dependability designed and built into every part, Lamb Electric Motors are giving outstanding service on both the home and war fronts.

As you make future plans, remember that good performance of a motor-driven product starts with the motor.

THE LAMB ELECTRIC COMPANY • Kent, Ohio

Lamb Electric
Formerly *Black & Decker Electric*
SPECIAL APPLICATION
FRACTIONAL HORSEPOWER MOTORS

are said to provide a cushioned cutting action which is effective on hardened steel yet does not mar the softest metals. Tolerances are controlled by careful timing the run. Parts deburred to date include turbine blades, small gears of fine pitch, drills, small gears of fine pitch, and nuts after threading.

Strip Package

Patents are pending on a new Cellophane-Wrapped Strip Package, deve-



oped by the Sylvania Industrial Corp., 122 E. 42 St., New York 17, for the wrapping and merchandising of frozen hamburger patties and other food products. A filled strip, which lends itself readily to accordion-folding, is inclosed in a box with a window top for high visibility of contents in store and home refrigerators. As with similar packages of smaller scale that are used for vitamin tablets and other pharmaceuticals, the extraction of one or more units does not impair the seal on any of the remaining units.

Synthetic Gum Benzoin

A new Synthetic Gum Benzoin is being formulated by the Bendix Chemical Corp., 420 Lexington Ave., New York 17, as a relief for war-caused shortages in the natural Asiatic product. It is said to have properties quite similar to styrax benzoin of the Siamese type with a sweet-balsamic aroma, a sweet taste, and an amber color, lending itself to the compounding of perfumes, soaps, hand lotions, or varnishes. Although the synthetic is too new to be listed in the U. S. Pharmacopoeia, the maker reports that it meets the standards there set forth for the natural material.

Headmaster

in the School of Hard Knocks



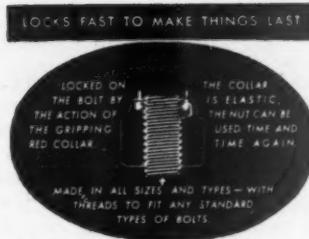
The Elastic Stop Nut uses its head. And, by so doing, is at the top in applications where hard knocks—vibration, shock or impact—lead to serious trouble.

The Elastic Stop Nut grips its bolt and refuses to loosen under the most severe operating conditions.

The explanation is in the head. Built into and securely anchored in that head is an elastic compression collar that mates itself to the threads of a bolt by impression—the threads squeeze their way in, do not cut — permitting use over and over

again without material loss of grip. No need for cotter pins, washers or other auxiliaries—thus no danger of breakdowns caused by omission or breakage of these unhandy extras.

Heavy machinery in factories, wings and engines of planes, engines and wheel assemblies of automobiles and trucks, treads and wheels of tanks are but a few of the many applications where Elastic Stop Nuts are specified. When you have a fastening problem, just write us. An ESNA application engineer will help you solve your problems economically.



ESNA

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SALES OFFICE:

1060 Broad St., Newark 2, New Jersey

ELASTIC STOP NUT CORPORATION OF AMERICA

The Changed Picture: Finance

Wall Street's verdict on outlook after peace in Europe is bullish, with most investors counting on business to move toward good postwar level. High-cost producers face day of reckoning.

Peace—or the prospect of peace—is bullish.

The reason for this paradox: The stock market had its worst "peace scare" as far back as eighteen months ago in the sharp five-month price reaction that was touched off by the "Mussolini rollback" of market values in July, 1943.

Since then Wall Street has carefully weighed the pros and cons of the post-war outlook. This week, with the collapse of Germany, its verdict was still bullish.

• **Eight-Year Highs**—Investors and traders over the last few weeks have been translating their convictions about investment opportunities into buying pressure strong enough to send the stock and bond market barometers to a succession of new eight-year highs (page 118).

Behind this bullishness has been one conviction: The sooner Germany is defeated, the sooner the peace boom with its inflationary potentialities will be ushered in.

No longer do most investors fear the start of a deflationary cycle once war supports are withdrawn. They do visualize definite slackening in the recent pace of business. But they also expect that it will stabilize at a high peace-level, that the tremendous backlog of deferred demand for peace goods and the huge reservoir of buying power built up in the war years will offset the worst of the dangers which the alarmists still inveigh against.

• **War's Lessons**—The war, however, has taught participants in the security markets to be realistic. They don't expect reconversion to be any bed of roses for business as a whole. They know the coming industrial reaction will at best be more severe than it was in 1918-19, that the impending decline in production will turn into a much more drastic spiral downward if the Japanese should throw in the sponge soon after the German collapse.

The smart investor is likewise well aware that a good war earnings record doesn't necessarily mean that a company can do relatively as well in peace times. In the last two years almost

every corporation has been able to earn profits. Particularly favored have been many companies that previously just managed to break even, or high cost producers that were only occasionally in the black.

• **Day of Reckoning**—With the return of peace and competition, the day of reckoning comes. No longer will such companies be able to find a purchaser willing to pay their high costs just for the sake of getting sorely needed goods. No longer will they be favored against the normal low-cost producer by the tax statutes or renegotiation proceedings. Pricewise, the shares of such marginal companies may be the fastest risers in good times, but they also fall fastest in times of uncertainty.

Much switching from many of the

stocks that were leaders in point of trading activity in the war years will be seen as business returns to a peacetime basis. Already this has started, judging from the recent swing back into the traditional blue chip common stock.

• **Persistent Factors**—Dammed-up consumer demand for an endless variety of products is counted on to hold sales at high levels, but the wartime rise in wage rates certainly won't be erased; no great change in taxes will be seen until Japan is defeated; and Office of Price Administration ceilings will continue in effect for some time hence.

Consequently, it is questionable how much change will be actually seen in profit margins, which last year reached their wartime low (BW—Feb. 24'45, p6). This trend will be watched carefully, but any sudden sharp drop in activity during the change-over, should be offset in the case of many companies by present tax carryback provisions and postwar tax refund accounts (BW—Apr. 28'45, p16).

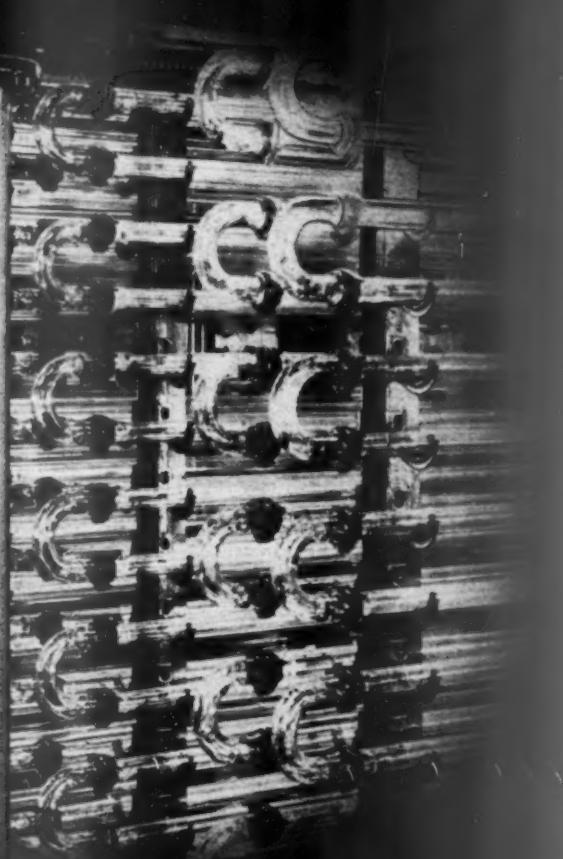
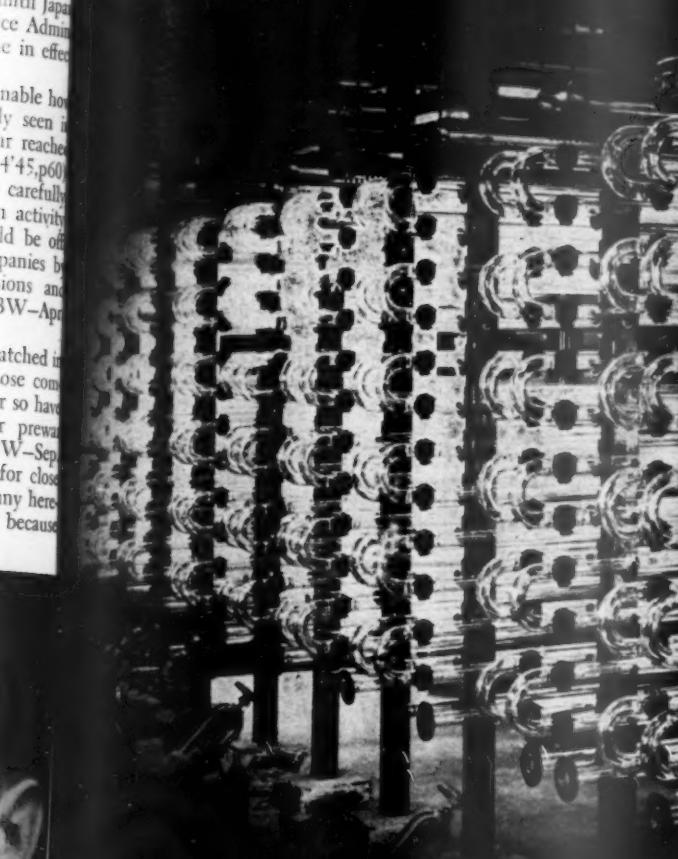
• **Interesting Cases**—Eagerly watched in the postwar period will be those companies which in the last year or so have been widely diversifying their pre-war output by means of mergers (BW—Sep. 9'44, p52). Likewise destined for close investor scrutiny will be the many heretofore small companies which because



FOR INDUSTRY AT THE BIG MEETING

At San Francisco, official spokesmen for American industry are Harper Sibley (left) representing the U. S. Chamber of Commerce, and Robert Gaylord, the National Assn. of Manufacturers. Appointed as consultants on business to the American delegation at the conference, both are former presidents of their respective organizations, and carry to the parley definite opinions on free enterprise, cartels, and postwar trade planning—as expressed at the International Business Conference of 52 nations at Rye, N. Y. (BW—Nov. 18'44, p16).

Paging the Tokyo Fire Department...



If either of them could find the time to look at it, this picture might interest the fire chiefs of Tokyo and Berlin. For this is a partial view of 23.6 miles of glass piping, connections, and fittings used in the manufacture of magnesium . . . one of the things that makes incendiaries hot!

U. S. and Allied magnesium production makes bad reading for our enemies. For this remarkable lightweight metal is used not only in fire bombs but also for scores of parts in war weapons, and in the construction of airplanes. It didn't just happen that Corning was called in to furnish the glass piping for the heat exchangers shown above. The Pyrex brand glass used combines adequate mechanical strength with

high resistance to chemical attack. It can also stand high temperatures and sudden changes from heat to cold and vice versa. The same qualities that recommend this new kind of piping to chemical industries in wartime are also placing it in drug and dye plants, and in food industries where transparency and ease in dismantling for cleaning are added features.

Corning has been able to fit glass to many jobs in this war that are a little unusual if you are accustomed to thinking in old-fashioned terms about glass. Pipelines, glass pump parts, glass instrument bearings, precision glass parts, to mention a few.

Upon the return of peace, the experience and skill of Corning workers will

create many improvements for manufacturers and for the public. You'll see glass in new places and doing a better job than ever before. Keep this in mind when your postwar plans reach the blueprint stage, and drop us a line! Dept. 55-B, Corning Glass Works, Corning, N. Y.

CORNING
means
Research in Glass

of the war now have large productive capacity, plus ample cash resources, and are ready to embark into the consumer goods field for the first time to expand their markets.

Little-publicized during the war has been the trend toward diffusion of ownership of corporate securities via the redistribution of large individual security holdings in both publicly owned corporations and hitherto privately owned family companies. Just as taxation broke up many landed estates in Great Britain, so have our high income and estate taxes been hastening decided changes in the ownership of many large American corporations of late.

• **"Special Offerings"**—Few business days have lately passed without the market seeing "special offerings" representing important holdings of wealthy individuals, estates, investment companies, etc., in the process of sale among smaller investors. Underwriting syndicates, as in the case recently of two large privately owned companies, Anderson Clayton & Co. and Corning Glass Co., have also been taking care of such sales. It is expected that this trend will continue.

The wartime trend towards lower and lower money rates, however, is beginning to cause some concern among the security underwriting fraternity. This trend has been accentuated by the competitive bidding contests now necessary in the case of all but new industrial issues. This has finally resulted not only in the actual sale of one 3½% preferred stock issue but in an offer to one large soap producer to sell a similar issue with but a 3% rate.

• **Grumbling Is Heard**—Earlier murmurs about the diminishing return on capital that has been resulting have now changed into louder-than-usual grumbling. The leading insurance companies, the largest buyers of new issues, are being heard from, and price-resistance from other buyers has been very noticeable in the case of a good many recent offerings.

Some members of selling groups, with capital frozen up in such slow-moving new issues, are said to have had to cut down participations in subsequent offerings, while other dealers have been dropping out of all competitive bidding deals because profits are too narrow, even on those issues receiving a good reception from buyers.

The investment banking houses originating the deals aren't being blamed for the condition developing. The Treasury's fiscal policies and competitive bidding are the targets of the complaints, and the underwriting fraternity is watching the trend with close attention.

Fiscal Policy: The Iron Hand

Treasury, aided by Federal Reserve Board, will continue its strict and unchallenged control of the money markets long after the war is over. Reconversion won't bring change in policy.

U. S. fiscal policy has rested throughout the war on the government's complete, unchallenged control of the money markets. Under the pressure of wartime demands, the Treasury has made its borrowing a precision instrument, in many ways more flexible and more reliable than taxation. No matter what turn the government's financial situation takes after the war, strict control of the market will continue for years.

• **Not Like Last War**—Since the summer of 1940, when the national defense program got under way, the Treasury has borrowed some \$200,000,000,000. Instead of paying investors a higher price with each successive loan, as it did in the last war, it has held interest rates to hairline stability. The total public debt now stands at \$235,804,000,000, which compares with \$47,874,000,000 on June 30, 1940. During that time, the average interest rate has been squeezed down from 2.5% to 1.9%.

The Treasury, working as a team with the Federal Reserve Board, established control of the money market early in the war. The two agencies did it, not by assuming new authority, but by developing powers that always been inherent in the Federal Reserve system.

• **Open-Market Control**—The most important weapon in the government's armory is the power of the Federal Reserve banks to buy and sell government securities in the open market. This enables them to regulate the market, bracing up issues that are weak and trimming down prices that threaten to go too high.

In addition to open-market operations, the government can rely on informal but very real influence to keep the market in line. The Federal Reserve banks exercise considerable power over the half-dozen big banks that make up the money market. Before the war, this power was rarely used, except when a government offering threatened to

DOLLARS FOR WAR



Up to May 1, United States war spending totaled \$275,000,000,000—\$260,000,000 since Pearl Harbor. The month-by-month record shows that the sharpest rise came between Pearl Harbor and mid-1943, when our rate of spending zoomed from \$2,000,000,000 to well over \$7,000,000,000 each month—\$3,000 every second—which rate has been maintained for the past two years.

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5, 1945

its face, as some of Secretary Andrew Mellon's did in 1931. Now it is a foundation stone in government fiscal operations.

Using these two weapons, the Treasury and the Federal Reserve authorities had established a firm grip on the money market before the end of 1942. The only thing resembling a test came in the financing in October, 1942, when banks spluttered a little at the Treasury's decision to hold them down to a ten-year 2% bond. The Treasury stood firm, and a few telephone calls from Federal Reserve officials put the offering over comfortably.

Serving Notice—Not many bankers realized it at the time, but with that operation, the Treasury set up its schedule of interest rates for wartime borrowing and served notice that the banks would have to do business on its terms (W-Oct. 24 '42, p104). It already had a 2% for a 20- to 25-year bond as the top limit for long-term issues, and 1% for Treasury bills as the ceiling on short credit. In the October, 1942, operation, it set 2% as the limit on offerings to banks.

For the last year and a half, the treasury hasn't had to go to the banks directly, but it has counted on them to take up the overflow from its offerings to private investors. Sure of its grip on the market, it has been able to concentrate on selling individuals and institutional investors, knowing that if it ever needed cash in a hurry the banks could provide it.

Many Weak Spots—Considered solely as a money-raising operation, the Treasury's performance is unsurpassed. From the standpoint of over-all wartime economics, it has many weak spots.

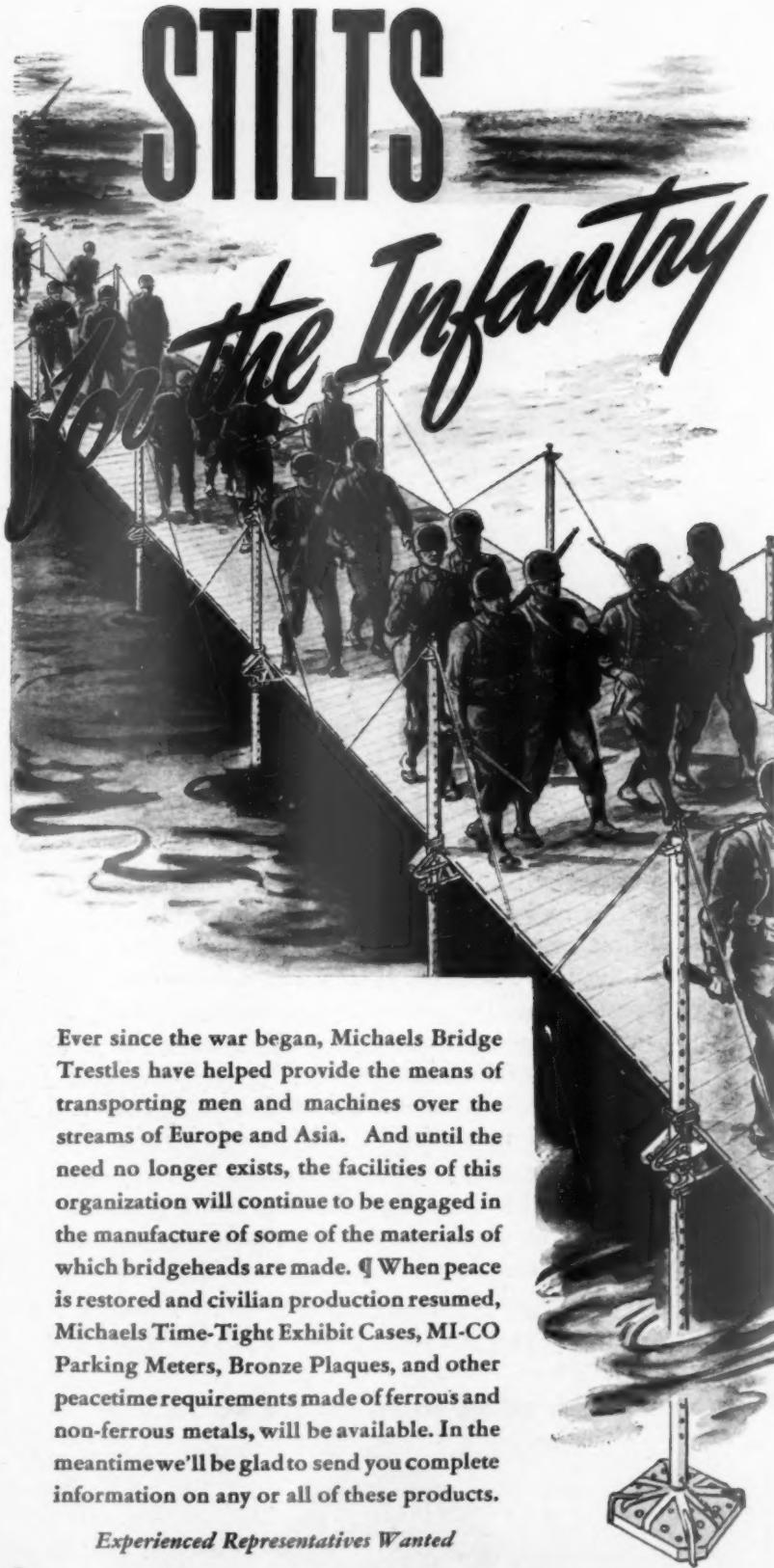
In the first place, the reliance on borrowing rather than on taxes has inflated bank deposits (and indirectly the quantity of currency in circulation) thus placing more and more purchasing power in the hands of the public. This is the steam in the boiler of inflation.

The Treasury and Congress never were able to get together on a tax program. The succession of bills that patched together the wartime tax system was made up of one makeshift after another. Originally, the Treasury hoped to finance the war half out of taxes, half out of borrowing.

Tax Income Gains—Actually, the line-up of revenues and borrowing has been this (fiscal years ending June 30):

	Net Receipts	Budgetary Deficit
1941	\$7,607,000,000	\$5,103,000,000
1942	12,799,000,000	19,598,000,000
1943	22,282,000,000	55,897,000,000
1944	44,149,000,000	49,595,000,000
1945 (est.)	45,730,000,000	43,183,000,000

Only in fiscal 1946, with the German



Ever since the war began, Michaels Bridge Trestles have helped provide the means of transporting men and machines over the streams of Europe and Asia. And until the need no longer exists, the facilities of this organization will continue to be engaged in the manufacture of some of the materials of which bridgeheads are made. When peace is restored and civilian production resumed, Michaels Time-Tight Exhibit Cases, MI-CO Parking Meters, Bronze Plaques, and other peacetime requirements made of ferrous and non-ferrous metals, will be available. In the meantime we'll be glad to send you complete information on any or all of these products.

Experienced Representatives Wanted

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COVINGTON, KENTUCKY

Manufacturers since 1870 of many products in Bronze, Aluminum and other metals



Mr. Sedgwick's Receipt is now a *Museum Piece

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In 1839, Express receipts covered shipments only from Boston to New York and return. Today, Express receipts are written for every conceivable variety of goods — war items, commercial, personal — for delivery throughout the nation. Every foot of the way, from shipper to receiver, direct responsibility for safe transportation, by rail and air, remains with Railway Express.

BUY BIGGER BONDS FOR THE BIG 7th

NATION-WIDE



RAIL-AIR SERVICE

war finished, will the Treasury at the 50-50 ratio that it has been showing for. Then, assuming that there is no change in the current tax rate, net receipts will run about \$41,000,000 and borrowing will come to about \$41,276,000,000.

• Who, Not How Much—As far as inflation is concerned, it is not how much the Treasury borrows but whom it borrows from that counts. Bond sales by individuals tend to reduce total purchasing power, hence are largely inflationary. Sales to banks create purchasing power because the banks give the government a deposit credit which eventually is transferred to the pockets of individuals through government spending.

Since the beginning, the Treasury has been trying to hold down its sales to banks and get as much as possible from individuals. In spite of its efforts, a large part of the government's debt eventually comes to rest in bank portfolios. Of the \$230,400,000,000 worth of government securities outstanding at the end of 1944, \$77,800,000,000 was held by commercial banks and \$18,800,000,000 by the Federal Reserve banks. Nonbank investors held \$133,800,000,000, but only \$52,200,000,000 of this amount was in the portfolios of individuals.

• Borrowing to Continue—V-E Day won't make much difference to the Treasury or to its methods of operation. Contract termination payments, mobilization pay, the expenses of deploying forces will keep government expenditures high through most of the period of one-front war. The Treasury will continue to borrow, though probably on a smaller scale.

Nor will victory over Japan end the government's tight control of the money market. By that time, the public debt probably will be somewhere between \$300,000,000,000 and \$350,000,000,000. Interest charges will run better than \$6,000,000,000 a year. Since much of the Treasury's borrowing has been short-term, there will be a constant stream of issues reaching maturity. In this situation, the government will have to continue to dominate the market, though officials haven't yet committed themselves in any formal statement on the subject.

• Strict Control—This means that the country's banking and credit system will operate under strict federal control for many years after the war, probably permanently. The tentative experiment in monetary management that took place in the twenties and thirties will be replaced by a more sophisticated and fully conscious management exploiting the full powers of the Federal Reserve system.

Joint Property Act

Oklahoma hopes new law defining contractual effects of marriage will pass court test and cut residents' income taxes.

The Oklahoma legislature has just enacted a new community property law which it hopes will pass muster with the Supreme Court if it comes up for review that body. It replaces an earlier law declared ineffective by a Supreme Court decision last Nov. 20 (BW-Dec. 244, p. 1).

—As far as we know, no state has yet passed a law defining the contractual effects of marriage. The Supreme Court has held that the federal income tax amendment, which was enacted in 1916, provides that married couples, "as an incident to marriage," become co-owners of all their personal property, and therefore may not be liable for any tax liability equally. The application of this provision to payment of federal income taxes has been upheld by the Supreme Court.

The original Oklahoma law, passed in 1939, and the Oregon law which was modeled after it in 1943, attempted to confer the same preferred tax status on residents of those states by giving married couples the privilege of entering into a community property contract. The court ruled that such a law does not give community property exemption from federal taxation as do those in the eight original community property states, because the agreement is of choice, not one automatically entered into for all purposes as an incident of getting married (BW-Nov. 25, p. 7).

Elective Feature Avoided—The new law, which Oklahoma's Governor Albert S. Kerr signed last Monday, carefully avoids both the elective feature and any mention of relationship to the payment of taxes. It specifically defines what will be considered as the separate property of each spouse and what will constitute their common, or community property, after the effective date of the law.

Although the sponsoring legislators believe the new law is watertight, and will save Oklahoma residents at least \$5,000,000 annually in income taxes, there are still two points that are worrying them.

Court Action Feared—The Supreme Court, in its decision on the old law, hinted at the possibility that no community property law enacted after



For Corporation Officials Who Are Considering Pension Plans

BECAUSE of its long-term importance a pension program calls for consideration of all available information regarding various types of pension plans and methods of financing.

This Bank's experience, both in administering pension trusts and in assisting corporations in the development of suitable pension plans, is at your disposal.

Officers of our **Pension Trust Division** specializing in this work will be pleased to discuss with you, in broad outline or in such detail as you may wish, the factors that we believe you will desire to consider in connection with a pension plan adapted to your Company's requirements.

Our booklet, *Pension Plan Fundamentals*, available on request, condenses into 17 pages a review of the basic factors involved in developing and financing a satisfactory pension plan.

Guaranty Trust Company of New York

Capital Funds, \$302,000,000

140 Broadway
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The securities described below having been offered by the undersigned and by other purchasers associated with it in the offering, this advertisement appears as a matter of record only and is not, and is under no circumstances to be construed as, an offering of such securities for sale or a solicitation of an offer to buy any of such securities.

NOT A NEW ISSUE

600,000 Shares

National Power & Light Company

**Common Stock
(No par value)**

UNION SECURITIES CORPORATION

April 26, 1945.

This announcement is not an offer to sell or a solicitation of an offer to buy these securities. The offering is made only by the Offering Circular.

\$58,000,000

The New York, Chicago and St. Louis Railroad Company

Refunding Mortgage 3 1/4% Bonds, Series E

To be dated June 1, 1945

To be due June 1, 1980

*The issuance and sale of these Bonds are subject to authorization by the
Interstate Commerce Commission*

Price 101% and accrued interest

The Offering Circular may be obtained in any State in which this announcement is circulated from only such of the undersigned and other dealers as may lawfully offer these securities in such State.

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R. L. DAY & CO. GRAHAM, PARSONS & CO. GRANBERRY, MARACHE & LORD

GREEN, ELLIS & ANDERSON GREGORY & SON THE MILWAUKEE COMPANY

INCORPORATED MULLANEY, ROSS & COMPANY E. M. NEWTON & COMPANY

SWISS AMERICAN CORPORATION

April 27, 1945.

adoption of the federal income amendment would be recognized as a division of income for federal tax purposes. If this principle were to be specifically affirmed in a new decision, it would mean that no new commercial property law, no matter how well drawn, could stand up.

The other worry concerns the effect of the new law on existing property ownership in the state. Although legislators attempted to disturb existing laws governing ownership, descent, distribution of property as little as possible, many of them fear that the bill would seriously upset existing property titles, and bring on a flood of litigation. Some even urged Gov. Keating to veto the bill on these grounds.

• **No New Law for Oregon**—The Oregon legislature took no action in the 1945 session except to repeal the law which, since it was modeled on Oklahoma's, could no longer do Oregon residents any good so far as federal taxes were concerned. Several bills were introduced at the session in an effort to write a new law consonant with the Supreme Court decision, but none passed.

WICKWIRE PLANS UNFOLDED

A Wickwire Spencer Steel Co.-Colorado Fuel & Iron Co. merger may be seen soon despite remarks to the contrary earlier this year by Wickwire president E. Perry Holden (BW-2/27/45, p.80).

Such an intention was revealed at the Wickwire annual meeting last week when stockholders were finally informed that merger studies had been started, that no real difficulties appeared to stand in the way, and that complete details would be furnished them soon.

Despite earlier indications that stockholders might feel otherwise, Wickwire stockholders appear agreeable to the proposal. They have agreed to a change in bylaws suggested by the management, which should facilitate matters.

The merger would create an important new factor, with well-rounded operations, which would be in a good position to compete for business with the industry's present leaders. Some crystal-gazers, however, are visualizing present steps as but the first of a number that will later bring additional smaller iron and steel units into the fold.

The earlier rumor that refugee capital was involved in the purchase of stock control of Colorado Fuel & Iron Co. by a syndicate headed by Charles J. Allen, senior partner of the Wall Street house of Allen & Co. (BW-2/28/45, p.78), has been authoritative and denied.

WAR BUSINESS CHECKLIST

A digest of new federal regulations affecting priorities, price control, and transportation.

Increased Civilian Supply

Although the second quarter of 1945, the shoe industry is scheduled to get fabrics sufficient to provide linings for 110,000,000 pairs of civilian shoes, both rationed and nonrationed. The allocation calls for 26,647,000 yd. of broad woven cotton fabrics, as well as 59,196,000 yd. of narrow woven cotton fabrics, 2,314,000 yd. of narrow woven rayon, and 771,000 yd. of lastex. Application forms may be obtained from any B-3 field or regional office, and sent to the Cotton Yarn Branch, Washington D. C.

DDT—Additional small amounts of tightly rolled DDT may be made available for agricultural and civilian experimentation during the last half of 1945, WPB reports.

Pyrethrum—WPB has released for specific agricultural and other essential civilian uses limited quantities of pyrethrum that does not meet military specifications. All other pyrethrum goes to the military aerosol program, under which malarial regions are "dusted" with the insecticide (BW—Nov. 14, p. 72).

Barges and Towboats—WPB has allocated an additional 5,500 tons of carbon black to be used in the second quarter in building urgently needed barges and towboats for private carrier use on the inland waterways. Orders must be placed with mills that are equipped to make carbon steel barges. The Office of Defense Transportation has ruled.

Decreased Civilian Supply

Because of the critical position of lead, this material will no longer be released under the spot authorization procedure for replacement storage batteries. (Directive 1. Priorities Regulation 25.) To maintain quality standards in the face of the lead shortage, WPB has prohibited production of any replacement battery of a quality (with respect to materials, weight, and dimension of grids) inferior to the quality that the producer maintained in similar batteries manufactured in the fourth quarter of 1944. (Order L-180, as amended.)

Fuel Oil—While the amount of fuel oil available for civilian use during the heating season from Sept. 1, 1945, through Aug. 31, 1946, will be about the same or only slightly less than that available in the 1944-1945 season, the kerosene supply is expected to be smaller. On the whole, however, OPA announces that the rationing program for the heating season will be on about the same basis as last year's. One change is that currently valid coupons will expire on Aug. 31;

FIT YOURSELF FOR MORE WARTIME RESPONSIBILITIES



Send for this new book

THIS WAR YEAR, your company must rely on you to take more responsibility, more of the executive load. Are you doing all you can to meet this wartime need?

Hammermill's just-published idea-book, "Pathway to Executive Success," may be just what you need to get started. It puts in your hands a simple program to help you assess your job frankly—in relation to the company's broader needs, and make your ideas work for your firm—and for yourself.

It's a practical plan—used successfully by others. It will work for you. Just mail the coupon. No salesman will call.



Use paper wisely these wartime days. Choose dependable Hammermill Bond. Its quality is still safeguarded by the same exacting laboratory tests that we have developed and applied through more than 45 years of papermaking.

Hammermill Paper Co., Erie, Pa.

Please send me—free—a copy of the management-idea book, "Pathway to Executive Success."

Name _____ Position _____

(Please attach to, or write on, your company letterhead)

BW-5-5



**"The
STERLING ELLIOTT
Family"**

HARMON ELLIOTT

**ANNOUNCES THE PUBLICATION OF
A NEW BOOK, (FREE)
ABOUT THE INVENTING ELLIOTTS**



HERE'S a family album in the truest, most inspiring sense of the word. Complete with portraits and poetry, pranks, sermons and sentiment, this newest Elliott opus is unique in the annals of American business history. In it you'll read of Sterling Elliott, who consciously tried to deserve the respect of his son. You'll watch this happy relationship bloom into a great partnership.

If you enjoyed Harmon Elliott's, "The Story of a Father and Son or Unscrewing the Inscrutable", you'll find this new 72-page illustrated volume equally, if not more, entertaining. Write today, on your business letterhead, for your free copy of "The Sterling Elliott Family."

The Elliott Addressing Machine Co.
151 Albany St., Cambridge 39, Mass.

Elliott
ADDRESSING MACHINES

BUY BONDS FOR VICTORY

Army-Navy E Awards Now Total 3,699

War industry's favorite pin-up, the Army-Navy E award for excellence in production, is a token of the productive force which has finally overwhelmed Germany. Since the joint award was established Aug. 10, 1942, it has been won by 3,699 plants. The award is made initially for a six-month period. Many of the pennants bear white service stars for successive periods in which the plants have maintained or improved upon their records. Initial awards were made this week to the following:

Aircraftsman Co. Inglewood, Calif.	General Motors Corp. Pontiac, Mich.	Pilot Radio Corp. Long Island City, N. Y.
American Can Co., Ammunition Container Corp. Harvey, Ill.	The Harding Machine Screw Co. East Liberty, Ohio	Pinecastle Boat & Construction Co. (Two plants)
Borg-Warner Corp. Chicago, Ill.	Kleistone Rubber Co., Inc. Warren, R. I.	Rauland Corp. (Four plants)
Deutsch & Sons Template Works, Milwaukee, Wis.	Merco Co. Los Angeles, Calif.	American Steel & Wire Co., U. S. Steel Corp., Cleveland, Ohio
The Ednal Co. Peekskill, N. Y.	Mid-States Shoe Co. Waterloo, Wis.	The Paul K. Weil Co. St. Louis, Mo.
Empire Stove Co. Belleville, Ill.	Motor Parts Co. Philadelphia, Pa.	

(Names of winners of the Army-Navy and Maritime Commission awards for excellence in production announced prior to this new list will be found in previous issues of Business Week.)

last year, unused coupons of the previous season carried over to the next.

Relaxed Restrictions

Magazine publishers who are holding heavyweight printing paper in frozen inventory may appeal to WPB for permission to use the paper if, before Oct. 1, 1944, they reduced the weight of paper currently in use. Publishers who reduced trim size may similarly use inventory rolls or sheets in the larger sizes. The heavier paper released should be used before June 30, and will be charged against the publishers' quotas at the basis weight of papers now in use.

• **Cattle**—The maximum percentage of good and choice grades of cattle that may be slaughtered during the monthly accounting periods ending around Apr. 30 or May 31 has been increased in Zones A and B from 75% to 90%, and in Zone C, from 50% to 75%. These same maximum percentages hold for the period ending about June 30. Anyone whose slaughter is confined exclusively to 4-H or other club cattle purchased at sales approved by OPA is exempt from the maximum percentage limitation. (Amendment 3, Order 1, Regulation 574.)

Tightened Restrictions

Blanket maintenance, repair, and operating (MRO) symbols may no longer be used to obtain the following items: metal strapping; electric irons, domestic electric ranges; domestic and commercial electric fans; chronometers, chronographs and electric timers (excluding interval timers); compressors, reciprocating type for compressing air in certain sizes and specifications. Anyone who wants these items, now contained in List B of Priorities Regulation 3, must apply for ratings.

• **Photographic Paper**—To insure proper distribution to military and essential civilian

users, WPB has established control of manufacturers' deliveries of four types of photographic paper in the second and third quarters of 1945. The types of paper affected are: contact and enlarging paper used for pictorial or tonal reproduction purposes; waterproof paper used in the same way as paper used for the reproduction of V-mail letters; photocopy or reflex copy paper used for line reproduction. (Order L-233-a.)

• **Reclaimed Rubber**—Inventories of reclaimed rubber are reduced from 90 days' supply to 45 days' supply. Aqueous dispersions of reclaimed rubber, previously without inventory restrictions, are limited to 60 days' supply. (Order R-1, as amended.)

Price Control Changes

Under a new formula, maximum price for openhearth or blast furnace grades of steel scrap containing 5% or more copper will be the value of the contained copper at 9.75¢ per lb. plus the maximum shipping point price of the grade of steel scrap for the actual quantity of steel in each gross ton. (Order 1 under Section 14 [a] of Regulation 4.)

• **Feed Grains**—All feed grains processed from the whole grain into animal, poultry or mixed feeds have been placed under price control by Supplement 5, Food Products Regulation 2.

• **Electric Ranges**—Dollar-and-cents retail and wholesale ceilings at March, 1942, levels have been set on two models of household electric ranges scheduled for 1945 production by Frigidaire. OPA warns that only consumers eligible under WPB Order L-233 will be permitted to purchase the ranges. (Order 175, Regulation 64.)

• **Soaps and Cleansers**—Manufacturers of low-priced household soaps and cleansers who are suffering hardship may apply for increases in their present ceiling prices under an individual adjustment provision ap-



EASY ON THE EARS

In a special new test cell that reduces noises, a 1,800-hp. plane engine can be operated wide open without disturbing nearby workers at Grand Central Airport, Glendale, Calif. Much of the ear-splitting racket from power plant and propeller is absorbed by a porous stone wall which is set in a pattern of baffles to muffle the thunder as it passes into the open air.

ounced by OPA. When such adjustments are made, OPA may also adjust resale prices for the products if necessary. (Amendment 5, Regulation 391.)

Imported Foods—OPA has established a formula for determining ceiling prices for importers' sales of imported foods. Consumers' prices will not be increased as a result of the formula.

Fresh Atlantic Salmon—Consumers will pay as much as 15¢ per lb. less than they have been paying for Atlantic salmon steaks as a result of ceiling prices, set for the first time, on imported and domestic Atlantic salmon—both fresh and frozen. All distributors except fishermen are covered by this action. (Amendment 4, OPA Regulation 397 and Amendment 29, Regulation 364.)

Hogs—The top weight of hogs for which recently announced price supports will be effective (BW—Apr. 14'45, p7) has been raised from 270 lb. to 300 lb. by War Food Administration.

Information

To acquaint the public with supply sources of surplus aluminum metal, WPB's Aluminum & Magnesium Division has issued a list of government and privately owned warehouses where such material may be bought. Copies of the release (WPB-7757) may be obtained from Office of War Information, Room 1501, Social Security Bldg., Washington, D. C.

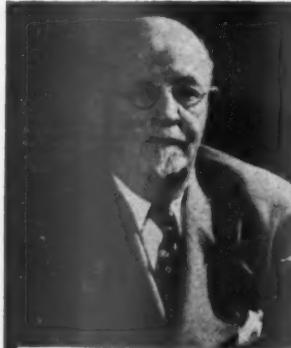


World's most widely used Dial Scales

• Accurate, rapid, reliable! Whatever your requirements are for weighing, counting, weight-recording, batching, force-measuring... Look to Toledo! Toledo Scale Co., Toledo 12, Ohio.

TOLEDO

HEADQUARTERS FOR SCALES



ALVIN T. COATE
President and Founder

TERMITES INFEST INSURANCE TOO

• Business expansion is welcomed by all merchants and manufacturers and many have profited during the war years by such growth. Most are preparing for an even greater increase in production and inventories when war ceases and civilian output is stepped up.

But many industrialists, distributors and retailers are discovering that recent and present expansion have made their insurance program inadequate and unsafe. It is a little like the termite pest—the bugs are there but you don't often see them until it is too late. And faulty insurance programs are not made efficient merely by increasing the amount of the coverage.

Many business and property insurance portfolios, because of these factors, ought to be rebuilt from the ground up, with every exposure to loss, damage or liability taken into account. That is what our work means at its starting point, but it continues throughout the year and takes within its supervision every policy purchased and every company that sells it to you.

The Insurance Audit and Inspection Company is a safe and immediately available source of consultation on all problems of property values and insurance coverages. We do not sell insurance of any kind. You will like our continuous service and usually we save our clients more than our reasonable fees. A request from you will bring, with no cost or obligation, one of our field representatives to explain exactly how we can serve you.

INSURANCE AUDIT AND INSPECTION COMPANY

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814 HUME-MANSUR BUILDING • INDIANAPOLIS 4, INDIANA

MARKETING

The Changed Picture: Marketing

Restiveness over wartime controls grows, but crisis will come only when businessmen and public refuse to admit necessity for regulation. Many changes in distribution are on the way.

The war's impact on marketing will last long after the end of hostilities, not only in Europe, but also in the Pacific. It is manifesting itself in disturbed price relationships, in shifting patterns of distribution, in disorderly marketing practices.

Today, the necessity of maintaining controls is generally recognized. The debacle following the last war taught its own lesson. But this recognition is likely to be trampled on the road back to "normalcy."

- **Crisis Ahead**—Already there is a growing restiveness, and some businessmen are kicking over the traces. A crisis is inevitable—perhaps during the interval between the ending of the two wars, perhaps not until after Japan goes under. But the crisis will come with the refusal of the public and the business community to recognize the need for continued restraints.

Washington's job then will be the tougher one of getting support for keeping price, distribution, inventory, and credit controls after the need for them has ceased to be self-evident.

- **Trend May Reverse**—In most fields, an end to one phase of the war will not be the signal for a return to the prewar status of marketing. Many goods, notably food and textiles, will continue to be in critically short supply. The next few months may see a reversal of the stampede in the early months of the war when distributors of hard goods rushed to take on lines of soft goods.

In many instances, this diversification of merchandise will stick as a permanent feature of postwar business. As a couple of examples, auto accessory stores will continue to sell clothing and other lines added during the war (BW—Jul. 11 '42, p18); again, General Electric is expanding the sale of its line of household appliances through chain stores—including now the J. C. Penney stores (BW—Apr. 28 '45, p106)—and non-electrical wholesalers.

- **Brand Control**—The marketing picture will become more confused in the scramble to take advantage of pent-up consumer demand when goods again become available. Retailers may be expected to make the most of private

brand operations in an attempt to maximize their profits.

For the same reason, manufacturers probably will seek to tighten their control over the distribution of their brands—perhaps eliminating some middlemen.

In some fields—clothing and textiles probably are the most outstanding example—three and four middlemen now flourish where there was only one before the war. There will have to be a rough-and-tumble competitive shakedown before they relinquish their hold.

- **Slow to Stabilize**—With or without continued price controls, the general

price level will be slow to stabilize. In many instances, prewar relationships will never be resumed. OPA has been fairly successful in holding some prices during the war. The prices of metals and many basic industrial materials have shown little change.

These prices may rise somewhat when controls are removed or loosened, but probably not enough to bring them back to their old alignment with prices of clothing, house furnishings, and other commodities which have been loosely controlled.

The lid on rents has been nailed down fast while construction costs have risen. There will have to be a reshuffling here.

Sooner or later, the price level will have to catch up with hidden price increases, such as quality deterioration. In some lines this may be accomplished with no change in dollar prices (tantamount to a price decrease); in others there may be an accompanying price rise.

- **Back to Quality**—Consumers with money to spend are likely to be more finicky about quality than about prices;

The New York Times.

2 A. M. EDITION
1945
Published by The New York Times Company
DISTRIBUTED IN SAN FRANCISCO

PARLEY IN DISPUTE OVER PERMANENT HEAD; BRITISH WIN BREMEN, PATTON SWEEPS ON; RUSSIANS SEIZE STETTIN, MOST OF BERLIN

OUR FORCES TAKE LONG LEAPS IN ITALY

RUSSIAN ARMY:
No Russian Shelling
Permanent Committee, Command There Is 4
OUT PREDICTS ANOTHER
Red Army Push Now
Can Be Settled—Eyes
Agoons for Redress

MAP



NEWS FOR THE NEWSMAKERS

Though the New York Herald Tribune and the London Daily Mail seek to reach the delegates at the San Francisco conference by air mail, the New York Post and the New York Times bring them today's news today. The Post does it by setting up shop in Berkeley and preparing a special edition there (BW—Apr. 21 '45, p96). The Times is the first paper to send a facsimile of its major pages by A.P. Wirephoto across the continent. Plates are made from the photos and printed on the spot.

Conference Edition
New York Post 5¢

Thursday April 22, 1945

Roosevelt Aims Guide Parley; Molotov Asks for Three Votes

PATTON NEAR AUSTRIA





Rescuing shipwrecked seamen, delivering food, water and medical supplies to isolated military units, evacuating wounded men from otherwise inaccessible areas! These are but a few of the spectacular missions the helicopter can accomplish. It can do such things because it can "hover", rise and descend vertically, land "on a dime" and take off without a runway.

Obviously, every ounce of needless weight must be eliminated if this unique type of aircraft is to perform at its best. For that reason, the cabin frame of the new Army R-6 Helicopter is a plastic lamination, consisting of a low-pressure resin reinforced with Fiberglas* Cloth. This combination produces an extremely lightweight material, yet one that possesses the rigidity and great strength essential in a structural part. And its use helps to conserve critical metals.

Fiberglas Textiles are particularly useful in the reinforcing of plastics because they impart many of their unique properties to the finished laminates—such as great structural strength per unit of weight, dimensional stability, terrific impact strength. That is why plastics laminators and design engineers are using these fabrics in many war products today—and anticipate even wider use of them in the future.

Fiberglas Cloth is made entirely of fine fibers or filaments of glass, twisted into yarn and woven into a fabric, like any

other cloth. But, being glass— inorganic and nonabsorbent—these fabrics will not swell, shrink, stretch or rot. And their tensile strengths are considerably greater than those of organic fabrics of comparable thickness.

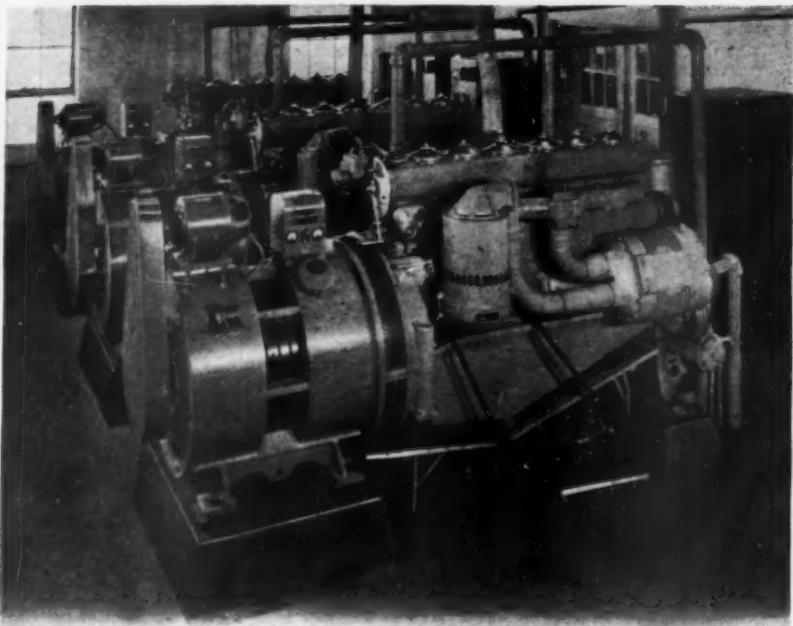
There may be a place for Fiberglas Textiles—plain, coated or decorative—in your thinking. For complete information about these fabrics and their properties and characteristics, write *Owens-Corning Fiberglas Corporation, 1803 Nicholas Building, Toledo 1, Ohio.*

*In Canada, Fiberglas Canada Ltd.,
Oshawa, Ontario.*

FIBERGLAS

•T. M. Reg. U. S. Pat. Off.





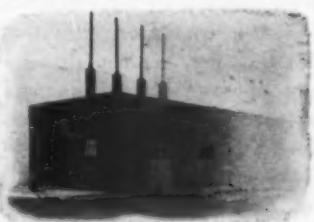
More Power for the Same Space Because of Supercharging

Industries bulging with war orders needed more power than the municipal plant at Hartford, Wisconsin could supply.

To meet the problem, Hartford Utilities purchased three Murphy Diesel Generating sets. In order to get the maximum performance and flexibility from the investment and in the space available, these engines were engineered with B-W Superchargers, for a combined capacity of 345 KW.

B-W Supercharging increases engine performance and flexibility without corresponding increase in size because it delivers more air to cylinders than the pumping action of the pistons would normally draw in. More fuel can be burned, and more power developed.

Each passing month furnishes additional evidence of the value of B-W Supercharging for providing more power in a given space . . . to compensate for loss of power at higher altitudes . . . to improve performance of marine, industrial, transportation, and automotive engines, both gasoline and diesel.



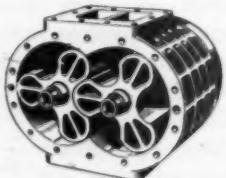
In this corner building, three Murphy Diesels, as shown by the three blackened stacks, occupy only 44 square feet of floor space each, to develop 345 KW.



SUPERCHARGERS, Inc.

• DIVISION OF BORG-WARNER
3400 WEST CAPITOL DRIVE

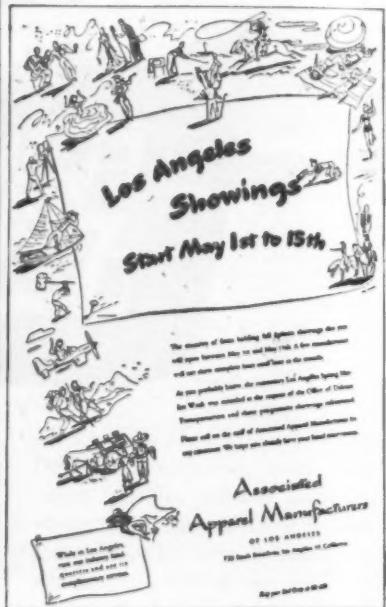
Milwaukee 9, Wisconsin



B-W Positive Displacement Superchargers supercharge at all speeds and in proportion to the need of the engine for air.

they will be quick to demand the T-bone steak, the broadcloth shirt, full-spring construction. Merchants who sometimes had trouble unloading ersatz goods even at the peak of shortages recognize this demand for quality. They are keeping stocks of substitute merchandise at a minimum. This week, for instance, Arthur S. Barrows, president of Sears, Roebuck, announced that the mail-order firm was "trying to clean house at least once a month" and that it was following an "ultraconservative" policy in placing forward commitments for merchandise.

• **Bid for Volume?**—In almost all fields, established price lines have been permanently altered. With general prosperity and a higher price level, lower price lines will become less important. The lowest (generally a war casualty) probably will never return. Vice-versa, in some fields—notably consumer durables like household appliances, automobiles, and furniture—manufacturers and



NOT A CONVENTION

Los Angeles is another city which has managed to maintain its spring market showings while "canceling" its Spring Market Week. Taking a leaf from San Francisco's book (BW- Feb. 17 '45, p88), Los Angeles' flourishing clothing industry, which did an estimated \$200,000,000 business in 1944, has "complied" with ODT's ban on conventions by abolishing its annual fashion show—and substituting a series of progressive showings during the first two weeks of May.

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ators may eventually put more
basis on lower price lines in a bid
to volume market.

producer-distributor relation-
broken off by the war, will never
be resumed. Distributors who have
new sources of supply may stick
them. Manufacturers who have
off inefficient distributors will
replacements.

um to Selling—The biggest change
business will come some day when
ing again becomes a job of selling
not of merely slapping them on
counter. One day the Japanese war
ever, and the salesman who asks
omer if she doesn't know there's
on will get the answer, "Oh

CONSUMER-GOODS TESTS

more step toward the establish-
of standards and grades of con-
goods was taken last week when
merican Society for Testing Ma-
long recognized in scientific
for its accomplishments in test-
industrial and building materials,
and that it intends to start test-
consumer products as soon as
ods can be worked out.

ing its cue from the recent Dept.
commerce announcement placing
e measure of responsibility on
e industry for working out satis-
standards for consumer goods
(Jan. 20 '45, p74), A.S.T.M. wasted
time in setting up an adminis-
committee on ultimate consumer
Herbert J. Ball, professor of
engineering, Lowell Textile In-
heads the committee.

T.M. defined the type of con-
goods that would be considered
testing as "materials or products
in the 'as is' condition are in-
ed for sale to an individual pur-
for his personal property or use
not for fabrication for resale."

the society is expected to work
with, and probably for, the
ican Standards Assn., of which it
member and which, at the request
Commerce Dept., has already en-
work (BW—Nov. 6 '37, p54) in the
mer goods field.

VISION FOR THE HOME

television picture 3x4 ft. was shown
the Allen B. DuMont Laboratories,
last week. And for \$1,250, post-
consumers will be able to buy a
ont Home Teletheater that will
a similar picture on a screen in
own home, as well as provide for
(frequency modulation) radio
casting reception.
er DuMont teleset designs for

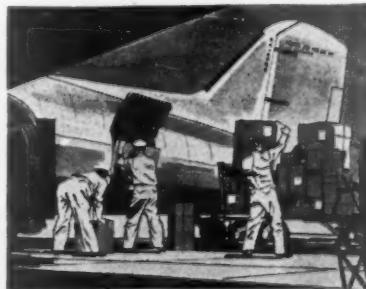
2-Ton Air Express Shipments Avert Lay-off of 600 men



SIX HUNDRED hard-to-get skilled workers are assembled for an experimental war production job. The supplier of special fasteners needed for the job can deliver only a limited number at a time. Does this mean a lay-off? No. The manufacturer orders a steady day-by-day flow of the units via Air Express to meet daily requirements and until there's a backlog in the warehouse.



COST is insignificant compared with results
achieved (\$800 Air Express charges for
thirty different shipments totaling two
tons). Over 600 men are kept steadily at
work — to say nothing of avoiding other
losses when a war plant shuts down.



SHIPMENTS, large and small, are often
delivered same day as ordered from points
500 to 1,500 miles away. When time means
money, Air Express saves both. Every
business can use this *fastest delivery* with
economy.

Specify Air Express — Low Cost for High Speed

25 lbs., for instance, travels more than 500 miles for \$4.38, more than 1,000 miles for
\$8.75, more than 2,000 miles for \$17.50, at a speed of three miles a minute — with cost
including special pick-up and delivery in all U. S. cities and principal towns. Same-
day delivery between many airport towns and cities. Rapid air-rail service to 23,000
off-airline points in the United States. Direct service to scores of foreign countries.





Control Center

FOR FAR-SIGHTED MANAGEMENT

Today a new *improved* business method is helping top-flight management keep pace with wartime schedules and plan ahead for post-war opportunities.

That method is *Dictaphone Electronic Dictation*, and it provides the executive with precise and complete control over his entire organization.

His ideas, memos, instructions and decisions are spoken easily and conversationally to a small microphone on his desk. It even records his important across-the-desk conversations, and because the presence of his secretary is not required, she is left free to protect him from interruptions and to do other important work for him.



Learn for yourself how this microphone "Control Center" will double your ability to get things done. Free descriptive literature will be sent on request.

Dictaphone Corporation, 420 Lexington Avenue, New York 17, N. Y. In Canada: Dictaphone Corporation, Ltd., 86 Richmond St. West, Toronto 2, Ont.

DICTAPHONE

Electronic Dictation

The word DICTAPHONE is the registered trade-mark of Dictaphone Corporation, makers of Acoustic and Electronic dictating machines and other sound recording and reproducing equipment bearing said trade-mark



SHOPPERS' FEAT

Detroiter foraging for Canadian *improvements* (Apr. 7 '45, p18) find another *improvement* across the border that isn't plentiful at home—shoes. U. S. shoppers may bring in two pairs duty-free and, unlike the meat, *shoes* are *not* duty-free. There's no rush on this "importation" as yet, but since buyers sometimes "walk" new shoes in, customs men now check feet (above) as well as parcels. And uncertain whether the *improvement* is two pairs a trip or a *trip* to the *improvement* officials are, for the time being, giving the shoppers the benefit of the doubt.

the postwar "quality" market includes combination home receivers—standard broadcast, and phonographs containing a 20-in. direct viewing tube showing pictures 13½x18 in. (By Apr. 7 '45, p101). These, DuMont officials believe, can be produced to *cost* for about \$1,500.

To overcome the main objection to direct viewing sets are too large, particularly in depth, to fit comfortably in the average living room, a push-button control automatically opens the door of the set and tilts the 34-in. tube forward from its vertical position in the cabinet (of 24-in. horizontal depth) into viewing position. After the program, push-button control returns the tube to a concealed position.

Pictures on the direct viewing receiver with a 20-in. tube were brighter, but less distortion and color was sharper than the projected images, but DuMont failed to get away entirely from the distortion that plagues the industry.

ASCAP Goes Back

New law permits society to shop in Nebraska again being outlawed (not too successfully) since 1937.

Nebraska music users, who eight years outlawed the American Society of Composers, Authors & Publishers, to their dismay that there is truth in the old saw that the truth is often worse than the disease. Last week, the governor signed a bill on the statute books a law that will permit ASCAP to set up a branch in Nebraska as licensor of musical rights—about 75% of all music—paid to it by its members.

Vigorous Contest—In the mid-thirties, in the amusement industry—radio broadcasters as well as hotel owners and tavern keepers—against ASCAP's ascending rates for the public use of the copyrighted music of its members brought forth vigorous and legislative action. Attempts to outlaw ASCAP as a monopoly were unsuccessful, because ASCAP was able to persuade the courts that this "imperial" buyers' organization was not a "trade" as defined by the antitrust act. (Not until 1941 did the U.S. Supreme Court, in a case brought by the Dept. of Justice, bring sufficient pressure to bear on ASCAP to wring from it consent to ceasing providing for purchase on a per capita basis and effecting important organizational changes.)

Unable to get judicial relief at that time, ASCAP's opponents, spearheaded by the broadcasters, then sought legislation against ASCAP in the various states. In this they had some success. Within a decade Nebraska, Florida, Kansas, North Dakota, Tennessee, Washington, and Montana passed laws in one way or another aimed at curtailing ASCAP's activity (BW—40, p. 30).

A Composer on His Own—The Nebraska law was passed in 1937 under popular impetus from politically powerful radio station WOW in Omaha, which was having a ruckus with ASCAP over its license renewal. The measure declared unlawful "monopolies of copyrighted vocal or instrumental musical compositions," and it ruled illegal any combination of persons, firms, or corporations that fixes the amount of money to be paid to it for the public performance of music. The law further required each composer and author to pay license fees on his own. In addition, it required that all sheet music bear the selling price for all uses, including the fee for public performance.

DIES that can be poured!



yet capable of 20,000 to 30,000 drop stampings from a single set.



These dies are cast from lead, zinc or other soft metals or alloys in plaster of paris molds. When run is completed or part is changed, dies can be melted and metal used again.

Cecostamping of large sheet metal part from dies above.



Note smooth even contours without wrinkling or reduction of section.



The CECOSTAMP is a high production, impact-type drop stamp designed to form metal parts from sheets of high strength and low ductility.

It was designed by Chambersburg engineers to solve the immediate and urgent sheet metal production problems of the aircraft industry.

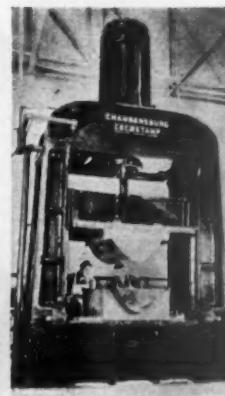


It is in use in practically every airplane factory in the United States. It will unquestionably be a big factor in general industrial sheet metal production after the war.

We shall be glad to send complete information.

Dies shown above show simple shapes with operations confined to single blows without draw rings or progressive stamping. Yet observe the clean, sharp impression—with out distortion, tearing or uneven stretching of metal.

Development of the art of Cecostamp die design has resulted in almost unbelievable achievements, such as progressive dies, movable dies and other ingenious die designs that are a challenge to production men everywhere.

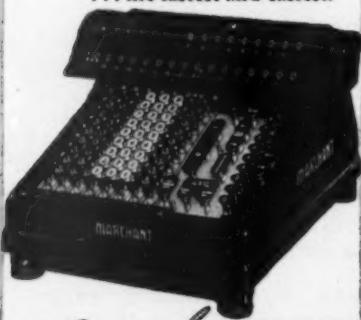


CECOSTAMP

**"Pour the work on-
and watch
MARCHANT
turn it
out!"**



"It's a thrill to see just how much more work my automatic Marchant can turn out! I just enter amounts to be multiplied, read the answers ... and clear ... never waiting for the answer to develop! My Marchant multiplies simultaneously with entry of the multiplier-factor ... the fastest and easiest."



P.S. my boss says

"We've brought ourselves up-to-date on automatic calculators—and we're amazed at how Marchant's new improvements speed our work. We wanted Today's Highest Possible Calculator-Performance—and we got just that in Marchant."



Deliveries according to
W.P.B. Schedule

MARCHANT
SILENT-SPEED ELECTRIC
CALCULATORS

THIRTY-FIFTH YEAR

*Marchant Calculating Machine Company
Home Office: Oakland 8, California, U. S. A.
SALES AGENCIES AND MANUFACTURER'S
SERVICE STATIONS GIVE SERVICE EVERYWHERE*

**SERIES
"B"**
The Second 13 Weeks
WITH

Freshie the BREAD SALESMAN

ALLEN & REYNOLDS
833 Insurance Bldg.
Omaha 2, Nebr.



BUSY BREAD BOY

Another entry in the comic-strip advertising field is the pert bread salesman "Freshie," developed by Allen and Reynolds advertising agency, Omaha. As a promoter of P. F. Peterson Baking Co., Freshie, pen-product of Harry Walsh, proved such a success that in December the agency syndicated him. Now, tailored for individual clients, the cartoon appears three times weekly for 34 bakeries. And Peterson Co.'s sales charts testify that Freshie—like ten-year old Reddy Kilowatt, cartoon figure who plugs utilities services—can sell.



within the state. All existing agreements were declared unenforceable.

• **Injunction Obtained**—ASCAP was almost immediately successful in obtaining an injunction against enforcement of the law. With the injunction in effect, ASCAP continued to collect fees until May, 1941, when lengthy litigation resulted in a decision of the Supreme Court upholding the constitutionality of the Nebraska law (BW—May 31 '41, p8). The Supreme Court held that regulation within a state of the activities of copyright groups like ASCAP was the state's own business.

After this adverse decision ASCAP withdrew from the state and returned to individual members the job of collecting royalties in Nebraska.

• **Complications Follow**—But without an over-all collection agency to deal

with, music users found it impossible to keep track of the thousands of copyrighted tunes and pay each individual composer and publisher. Hence music users found themselves face to face with the threat of costly copyright infringement suits running into thousands. One stiff damage suit against a small user might be out of business.

So it was by weight of numbers rather than by size that the smaller music interests, mainly tavern keepers and concessionaires, were able to overawe those who were still out after ASCAP's scalp—notably the still bitter WOOLCO and to get a repeal bill through a session of the legislature.

• **New Law's Provisions**—Under the Nebraska law ASCAP (as well as the smaller copyright groups) will be required to file a list of its regular performance

ages and copies of all contracts with Secretary of State at Lincoln. In addition, 3% of all gross revenues must further be turned over to the state as occupation tax.

Still trying to get back the money they paid ASCAP collectors during the two years that the law was enjoined is station WOW and 27 other plaintiffs. Their suit for \$350,000 damages, based on an adverse decision in a lower court, is set for rehearing May 9 before the state supreme court.

VIDEO SPONSORS KNOWN

Advertisers can expect to find television more adapted to their purposes than radio broadcasting when it comes to identification of sponsors by the viewing audience. Such is the conclusion of a recent survey made by the National Broadcasting Co. and the Gillette Safety Razor Co.

Results of this survey, one of the first on audience reaction to commercial television programming, reveal that more than 94% of the 1,070 set owners questioned correctly identified Gillette as sponsor of the boxing bouts telecast twice weekly by NBC. With due credit given to Gillette, however, it cannot be overlooked that the high audience reaction may be accounted for in part by the lack of competition—Gillette is the biggest one of the very few sponsors of a regular commercial show.

Gillette commercials come in for some criticism from people who would prefer some sort of film to the still pictures that Gillette uses to promote its wares. Reception was generally considered good.

S.

Southern California also boasted a citrus conference last week. The California Fruit Growers Exchange released for publication a review of the promising future for Florida citrus as presented to their members by Dr. A. J. Camp, vice-director of the Florida citrus experiment station. . . . The Television Broadcasters Assn., Inc., has added E. I. du Pont de Nemours & Co. to its list of members, hails it as first film manufacturing organization to demonstrate an interest in the expansion of the television industry. . . . Lord Taylor, leading New York specialty store, is already starting Saturday summer closings, usually put off until after June 15. Announced reason: The store is already on a five-day week, with some employees having one day off, some another; Saturday closing will enable the store to provide better service the other five. Incidental benefit: Merchandise stocks will stretch further.

Here's the Case Against Dirty Oil, Gentlemen!



And Here's the Oil Filter That
PREVENTS "DIRTY OIL" TROUBLES

Because it . . .

**ACTUALLY
CLEANSES OIL!**

Look Inside the DE LUXE FILTER; See why it does more than merely strain or filter oil; See why it Actually Cleanses Oil!

HERE'S a big difference in the Oil Cleansing Principles employed in DE LUXE FILTERS AND CARTRIDGES and those of all others! In DELUXE you get an oil filter that is engineered to actually cleanse the oil; to actually prevent the formation of sludge, varnish and other contaminants. DELUXE removes the asphaltenes and other materials from the oil before they can form into sludge, varnish, and other harmful substances.

Look inside the cartridge and you'll find a spring and a cone . . . the only cartridge to have both of these essentials to complete oil cleansing.

Of interest to car owner, fleet operator, industrial executive and engine manufacturer is the complete story of DELUXE, the truly different oil filter. WRITE FOR FREE BOOKLET TODAY. DELUXE PRODUCTS CORP., 1425 Lake Street, La Porte, Indiana.



DELUXE Oil Filter
Does More Than Strain Oil... More Than Filter Oil
ACTUALLY CLEANSES OIL

LABOR

The Changed Picture: Labor

Germany's collapse means opening of serious hostilities as the scramble for postwar position upsets the labor market and overrides wartime incentives for union-management cooperation.

It was the totality of a two-front war and its effect on the civilian psychology, rather than laws or regulations, which kept the nation's labor problems within manageable bounds after Dec. 7, 1941.

As operations in the West are wound up, it will be hard to convince an already restive labor force that more than half as much effort and cooperation are required to bring a quick end to the remaining phase of the war. Now—before the Japanese Empire is defeated—we will begin to face the consequences of our wartime labor policies. The labor front is already in transition. Peace in Europe must be regarded as a signal for serious conflicts to begin.

• **Attains New Stature**—How deeply organized labor has planted its roots in places where four years ago it could claim no ground remains a question. For union growth, the war years were spent in a hothouse. It was wartime policy to cultivate labor organizations because they were instruments for regulating production and controlling the labor market.

The labor movement has now grown to a stature never before attained in America. But even its leaders admit that there is an artificial quality to that growth. How hardy it proves to be when it is forced to live without the elaborate wartime supports which have sustained it may very well determine how much longer than necessary the reconversion period will last.

• **Incentives Are Dulled**—Two immediate threats cloud the reconversion outlook and may affect the prosecution of the war against Japan. These are threats of (1) a breakdown of the voluntary controls which have been exercised over the labor market; and (2) a sharp increase of strikes.

For the most part, the nation has depended on patriotism and on higher wages in the more essential industries as means of distributing the labor force in accordance with production needs. Both of these incentives are now dulled. The scramble for postwar jobs is getting under way. Unions insist that a strongly organized work force will make any wage level elastic. Some employers, eager to establish competitive advan-

tages, show a tendency to pay "black market" wages in excess of stabilization ceilings, probably on the theory that the controls will be demobilized before they can be discovered and penalized.

A planless redeployment of labor is threatened. Before labor again becomes responsive to traditional supply and demand factors, it may create surpluses of unemployed in one area, critical shortages in another.

• **Rule of Expediency**—The machinery for our handling of wartime labor disputes has been built on the foundation of labor's no-strike pledge. Cases where union officialdom has given support to work stoppages—and without such support strikes cannot be long effective—

have been rare. The war-engendered spirit of cooperation has made it possible to defer clear-cut decisions on basic issues. Instead, expediency has been the rule, and compromise settlements have got us by.

Even before the collapse of Germany, the no-strike pledge was under sharp attack within the house of labor. Now it is a very thin reed. As it breaks down, a protracted period of serious labor trouble will begin. The issues feeding its fires will be: union security (maintenance of membership was a compromise in labor's drive for the union shop); wages (determination of wages by formula will tend to yield to determination by economic strength); the spread of unionism (foremen, white-collar workers, and unorganized industrial labor are prizes which the labor movement hopes to gather in against strong employer opposition); and union survival (in some instances unions will have to battle for their lives and in others they will try, with the strike weapon, to hold back the industrial changes which may mean job displacements but are an essential part of the return to peacetime economy).

• **Inevitable Friction**—This period of labor trouble, in which the National



CRISIS IN HARD COAL

Anthracite miners' 6-1 vote to strike under the Connally-Smith act "legalized" this week's walkout of 72,000 men—at a cost of 190,000 tons of hard coal a day. At midweek, NWLB ordered the United Mine Workers to send its members back to the pits. Over the head of the industry hung the threat of federal seizure of the mines. Travel-time pay was the issue in dispute, with operators holding out against both union and government pressure because, they contended, the proposal made would send coal prices up \$1 a ton.

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CRISIS KIT... kept ready for emergencies by Mr. Cellophane

FLARES, flashlight, instruction books, etc. are vital equipment for this collapsible lifeboat which is carried on the mighty Clippers that are flying high priority passengers and freight on the global airways. These essential items must be in perfect condition in case of emergency—and that means another vital job for Sylvania cellophane! The articles are heat sealed in air-tight moisture-proof cellophane and inserted in the pocket of the inflated boat. Then the boat is deflated and stowed in its place on the Clipper. Here is just another essential Sylvania development that will mean more uses for cellophane... and better cellophane... in the postwar world.



SYLVANIA CELLOPHANE

Made only by **SYLVANIA INDUSTRIAL Corporation**

Manufacturers of cellophane and other cellulose products since 1929

General Sales Office: 122 E. 42nd St., New York 17, N. Y. ★ Plant and Principal Office: Fredericksburg, Va.



Reg. Trade Mark

Target for Today



THE eyes of your workers are constant targets for dangerous flying particles...unless you have an adequate eye protection program. And eyes are *expensive* targets when you consider that one eye injury can cost you more than \$1,000 in lost time, medical care and compensation.

AO Safety Goggles protect your workers' eyes...and protect you against lost production and increased costs. Call in an American Optical Representative for a complete eye hazard survey of your plant...at no obligation.

American Optical

SOUTHBIDGE, MASSACHUSETTS

Manufacturers for more than 112 years of products to aid and protect vision.

War Labor Board will be brushed aside, will, in time, abate but never finally end. Such trouble is one of the frictions inevitable in an industrialized democratic society. The best that can be hoped for is a kind of "orderly" conflict, comparable to the balance-of-power relationship under which British industries and British unions live and let live.

Given a buyer's labor market with its brisk competition for jobs, the problem of the returning veteran will intensify the labor troubles which lie ahead. Organized union-busting by returning servicemen isn't in the cards, but serious clashes are latent in many situations, particularly where employers attempt to give veterans more preference than the letter of the law makes mandatory—and especially if such ferment is used to displace union members.

Once veterans are employed, however, and take their place in the union movement, their influence is very apt to be behind more militant union tactics (BW-Dec. 30 '44, p104).

"Fringe" Leeway

Davis' revision of Vinson policy follows expected pattern. NWLB may use its discretion in some pay differential cases.

When William H. Davis succeeded Fred M. Vinson as Economic Stabilization Director there was little doubt that, given time, he would establish in that office the same policies that the National War Labor Board had followed under his chairmanship. There was no question that the "fringe" wage-raise guideposts, set as Vinson's last official act (BW-Mar. 17 '45, p21), would gradually be changed.

Last week the expected happened: Davis announced that he was giving NWLB more leeway in determining the limits of "fringe" wage adjustments not affecting basic wage rates.

• **Differential Upped**—His amendment to Vinson's Mar. 8, 1945, directive specifies:

(1) NWLB may grant 4¢ and 6¢ second- and third-shift pay differentials for industries having continuous or round-the-clock operations. This has been NWLB policy, but Vinson's order had specified only 4¢ second-shift and 8¢ third-shift penalty differentials for industries with noncontinuous operations.

(2) NWLB may accept area or industry practice in fixing the length of vacation time or the extent of other "fringe" wage adjustments—that is, at



These are the things that make America strong...the industries that RB&W has served during its 100 years of developing better fasteners for better products.

NO. 5 Marine

A White Spread of Canvas... A Path of Churning Foam



SHIPS—for a hundred years—from the beautiful, fast Yankee Clippers and the early steamships to the modern "floating hotels" that in peacetime cross the Atlantic in less than five days, have had their "seawell fastened on with RB&W bolts and nuts. In this long use of RB&W bolts and nuts by the Marine Industry there is a special tribute to the ability of these products to withstand stress and shock—for what could test a fastener's

stability more than the constant pound and roll of the sea?...RB&W EMPIRE bolts and nuts have been serving on land and sea since 1845. Early in the company's history, it appropriated a sum of money for research and development—a policy which has been followed with ever-increasing effectiveness to this day. The founder of Russell, Burdsall & Ward invented the world's first automatic cold-header, in the same tradition, other RB&W engineers have developed other new machines and processes which have helped continually to improve RB&W products in strength, accuracy, and finish... Today's RB&W bolts and nuts offer—and so will tomorrow's—the maximum in all the qualities that you ask for in a fastener. From raw material to finished product, they are made by the finest methods, machines and craftsmen, and backed by 100 years of "know-how" in quality bolt and nut making. Make RB&W your headquarters for fasteners.



*100 Years...MAKING STRONG THE THINGS
THAT MAKE AMERICA STRONG*

R B & W

RUSSELL, BURDSALL & WARD BOLT AND NUT COMPANY

Factories at: Port Chester, N.Y., Carnegie, Pa., Rock Falls, Ill. Sales offices at: Philadelphia, Detroit, Chicago, Chattanooga, Los Angeles, Portland, Seattle. Distributors from coast to coast. The industry's most complete, easiest-to-use catalog.

THE LABOR ANGLE

Commitment

Labor is finding a practical use for the Eric Johnston-Philip Murray-William Green "Charter for Labor and Management" which representatives of the U. S. Chamber of Commerce, the C.I.O., and the A.F.L. signed with so much fanfare last month (BW-Apr. 14'45, p86). When, because of cutbacks, the Ford Motor Co. began laying off employees at its Willow Run plant, C.I.O.'s United Auto Workers Union pointed out that the company was a member of the U. S. Chamber and demanded that it live up to the "charter"—notably that section which, U.A.W. said, calls upon labor and management to "cooperate to achieve the goal of full employment and a high standard of living."

Actually those words do not appear in the charter. They are, evidently, labor's interpretation of the sentence, "Our purpose is to cooperate in building an economic system for the nation which will protect the individual against the hazards of unemployment, old age, and physical impairments beyond his control."

U.A.W.'s maneuver will be emulated. Other firms belonging to the chamber can expect to be informed that Eric Johnston has committed them to one thing or another.

Differentials

It has become increasingly clear that the big reconversion wage problem will center on efforts to restore pay levels to their traditional industry balance pattern. Because of the tightness of the labor market, wartime emphasis has had to be on evening out wages on an area basis lest the high-paying firm in a community corral all the available labor supply while other producers operate short-handed. The demand for all types of production while manpower reserves no longer existed created a critical situation in wages that could only be handled by overriding intraindustry differentials that were important to an industry's competitive structure.

In getting squared away for the resumption of business competition, industry will be concerned to re-establish the differentials which have existed say between Akron, Ohio, and Gadsden, Ala. (rubber); between

Grand Rapids, Mich., and High Point, N. C. (furniture); between Milwaukee, and St. Louis (brewing); and between New York and Los Angeles (needle trades).

Organized labor will, of course, resist determinedly the restoration of differentials, and they may have to be restored by raising wages in the high-paying section of the industry rather than lowering them in the traditionally cheaper labor markets.

Although not all the differentials involve North-South discrepancies, southern industry has a great interest in returning to the old pattern. President Truman is expected to play much closer with the southern bloc in Congress than his predecessor did and, in the developing contest, labor may not get as much White House support as it would like.

Tactic

The National War Labor Board is worried about an increasingly popular device for what it calls "evading" the spirit of maintenance-of-membership provisions in union agreements. "M. of m." provides that unless a union member keeps himself in good standing he can be fired. Some employers will fire him, all right, but hire him back the next day as a new employee who has the choice, of course, of joining or not joining the union.

The latest case the board had to handle where this occurred involved the Lamson & Sessions Co. and the C.I.O. NWLB insisted that the company was defying an "m. of m." order and ordered it to require the rehired employees to pay back dues. It finally did so.

Some high NWLB personnel who have looked into the situation credit William Frew Long, director of the Associated Industries of Cleveland, with originating the device.

Rosenman

Judge Samuel Rosenman who is scheduled to succeed former Tammany mayor, James Walker, as impartial chairman of the New York cloak and suit industry (BW-Apr. 28'45, p84) will assume the post June 1. Walker goes to the presidency of Majestic Records—not Decca as previously reported.

its discretion, it may permit except above or below Vinson-set standards "if the board finds that the amount of the adjustment follows an established 'clear and well-defined practice' in an industry or an area."

(3) NWLB may interpret broadly Vinson's order on reclassifications and job-evaluations (limiting increases to 1¢ an hour or 1%). Vinson's directive had permitted exceptions "rare and unusual cases affecting critical needs of war production"; changes the wording to cover "exceptional cases of intraplant inequities."

(4) NWLB may approve or other nonbasic wage adjustment changes in working conditions affecting earnings—such as sick-leave benefits, insurance—in cases where the board finds that adjustments are in accord with substantial practice in the industry or the area, and that it would be inequitable not to allow them in particular case. NWLB may also approve or direct adjustments equivalent to meet a special or unusual situation within a company or industry provided the adjustments are not of precedent-making character.

• **Holds Veto Power**—Davis proposed, however, that in all cases where pay may be affected, wage adjustments be approved by his office before going into effect.

Travel-Pay Plan

Device evolved to combat absenteeism among the miners of nonferrous metals goes into effect before NWLB for a show-down.

A new wrinkle in boosting pay for employees—travel-pay covering travel from homes to plant—has been proposed before the National War Labor Board as a joint labor-management plan for combating absenteeism in the power-starved nonferrous metal-mining industry. Supported by the War Powers Commission, it twice has been rejected by the Nonferrous Metals Commission—NWLB's subsidiary for the industry.

• **How Plan Developed**—The travel-pay plan was worked out by the New (Utah) Mine, the United Mine, Mill and Smelter Workers (C.I.O.), and WMC in an effort to reduce absenteeism which during the fall of 1944 had risen to as much as 18½% a month, at least half classified as avoidable absences. Essentially, the plan is that workers will be reimbursed for travel costs (bus fares from two nearby towns in which most workers live, amount

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LANDING parties are assured greater protection from the enemy by barrages of rockets from supporting craft.

Thousands of miles away in war plants all over America the tools for invasion are shaped and produced. A "prime mover" in this battle of production at home is *quality lubrication*.

Texaco offers industry everywhere the ad-

vantages of buying quality lubricants under one Sales Agreement for all plants in the U.S.

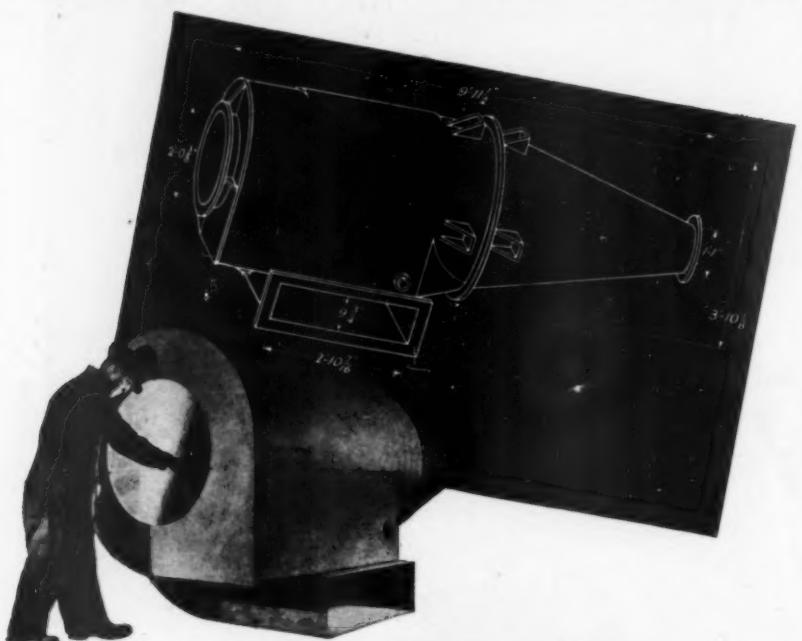
1. Greater convenience and utmost speed in delivery (through Texaco's *more than 2300 wholesale supply points*). 2. Uniform quality and specifications of industrial fuels and lubricants. 3. Skilled Lubrication Engineering Service to aid in increasing production.

This is a nation-wide plan operating for all industry, to keep the wheels of war production rolling.

The Texas Company



LARGE DIAMETERS



Buell's assurance of HIGH EFFICIENCY, LOW MAINTENANCE, LONG LIFE

THE DECIDED ADVANTAGES of Buell's large diameter cyclones, made possible by the patented "Shave-Off", definitely reflect industry's growing preference for Buell (van Tongeren) Dust Recovery Systems.

Large diameters make possible a collection operation with low centrifugal force and permit construction of extra thick steel. This accomplishes two things: minimum abrasion and long life. *Large diameters* afford large dust outlets, making clogging practically nil. *Large diameter* cyclones have the added advantage of handling a given gas volume with fewer units.

Engineers who look to low cost up-keep and continuous operation as prime requisites in dust recovery should give these factors serious consideration.

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LARGE DIAMETERS
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HIGH COLLECTION EFFICIENCY
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LONG LIFE
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Engineers and plant executives are invited to write for Buell's factual 28-page book:

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to 35¢ or 40¢ daily) during any month in which avoidable absenteeism is 1% or less.

Unavoidable absences are defined as those due to sickness, death in the family, and other reasons acceptable to both company and union. For working under a 48-hour week, travel-pay bonus means a material gain of \$2.10 or \$2.40 a week more in envelopes. Avoidable absences slumped immediately after the plan went into effect Nov. 1, 1944, hovering around 3½% until Mar. 15, 1945, when the NMC voted three-to-three to require the mine management to continue the plan.

• **Flood of Requests Feared**—NMC complained that it feared approval of travel-pay arrangement would precipitate a flood of requests from hundreds of mills and plants, with the result that it would have to study and set up travel-pay zones, rulings, and regulations everywhere. It also said it felt that Utah award would upset equality of pay in the area.

Workers at the New Park Mine struck when the NMC decision was announced, but resumed work the next day, after a joint appeal by the company, union, WMC, and Army officers from the Seventh Service Command at Salt Lake City. All promised to support NMC for a rehearing (denied without comment) and to appeal, if necessary, to NWLB.

• **A Hot Potato**—In Washington, the question is a hot potato in the hands of NWLB. The board's first consideration must be stabilization of wages—and the precedent of travel-pay is something that could be turned very handily into a method for raising wages 4¢ or more an hour. But NWLB also must reckon with the fact that the nonferrous metal mining industry never has been so well manned despite the joint wartime efforts of management, labor, and government.

During the four months the travel-pay plan remained in effect, workers were kept on the job better than under any previous plan.

LABOR DRAFT PLAN DIES

The War Manpower Commission's controversial New Bedford (Mass.) labor draft from textile mills to two tire cord plants (BW-Mar. 17 '45, p 94) died officially this week as the Boston regional WMC office announced no further efforts will be made to transfer workers.

WMC dug up a good excuse for killing off an unpopular issue: Army and Navy needs for fine textiles require the services of all textile workers, and their original jobs, preclude the possibility of transfers to the tire cord plants.

Akron Is Jittery

Wildcat strikes finally end and tire production returns to normal, but unrest indicates only a truce in flareups.

A wave of wildcat strikes subsided in peace-jittery Akron, Ohio, this week, and normal tire production was resumed under a shaky armistice as the big Goodyear local of the United Rubber Workers (C.I.O.) filed an official request for a strike vote under the Connally-Smith act.

Tide of Unrest—The Akron trouble is of a piece with current labor disturbances elsewhere as cutbacks and threats of cutbacks make even minor plant grievances potential causes of mass walkouts, the basic reason for which lies in the growing insecurity feelings of the labor force. In Akron, besides Goodyear, the fever spread to Goodrich, Firestone, and General Tire, all of which experienced stoppages.

Management was unable to find in the immediate provocation to strike sufficient basis for the widespread action. And in some cases it appeared that the union leadership was simply being swept along by the tide of unrest.

220,000 Man-Hours Lost—The Goodyear stoppage brought from the rubber workers' union officials a quick call upon employees to resume their jobs. The Goodyear management, expressing alarm over what it termed a trend toward complete disregard for contract provisions, appealed to all Akron workers—as well as its own employees—to note that some 220,000 man-hours of production were lost in April, as contrasted with 87 in February, and that agreements reached by bargaining apparently were becoming meaningless.

Upwards of 20,000 workers in the various C.I.O. rubber locals were involved in the series of stoppages, many of them made idle by lack of materials as key departments shut down. At Goodyear, one dispute centered around an argument that position of a welding machine reduced workers' piece-work output of 7-in. rims. Thirty-seven workers in three shifts left their jobs; others followed them until 9,000 were idle and production was down to 25% of normal.

Heeded Leaders' Pleas—At Goodyear's No. 2 plant, 19 curing pit workers struck in dissatisfaction over National War Labor Board delay in reporting on a wage rate hearing. The walkout soon affected 3,000 employees, shutting down completely tire and mechanical goods production in the plant.

Sunday afternoon, by almost unani-



First in the vitamin alphabet

... and first in quality when produced by our molecular stills

Among the first of the vitamins to be discovered and to prove its usefulness as an adjunct to the human diet—

Vitamin A, nevertheless, has provided some painful headaches for users in the foods and pharmaceuticals industries. It did, until DPI perfected the molecular distillation process of concentrating vitamin A with its natural stable esters intact.

One difficulty was that vitamin A is basically a product of nature. Its most accessible commercial source is the liver oil of various fish, and the different fish liver oils differ widely in vitamin A potency. Also, the most desirable fish are not always willing to be caught on schedules planned by mere man.

The DPI molecular distillation process can provide high quality, high potency vitamin A concentrates even from low potency oils. Thus it helps to stabilize a naturally unstable industry.

This success of molecular distillation in processing vitamin A is challenging industrial chemists to experiment further with this revolutionary new tool. They are learning its usefulness in the processing of waxes, oils, and heavy chemicals, including many so-called "undistillable" substances. Molecular distillation may be of great value to you. We invite you to write for additional information.

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mous vote, the rubber workers heeded advice of their leaders to abide by the Connally-Smith act, and to return to work during a 30-day "cooling off" period.

C. V. Wheeler, president of the Goodyear local of U.R.W., announced that strike notice has been filed with the National Labor Relations Board. Goodyear is charged with "stalling" on grievance adjustments, and putting into effect a speedup combined with a reduction in the company's rates for piece-work.

• **Union's Demands**—Connally-Smith strike pressure did not appear imminent in other plants where trouble has flared recently. However, U.R.W. locals in Goodrich, Goodyear, Firestone, Seibering, General, and Mohawk have agreed to demand, in forthcoming contract negotiations, that locals be allowed to participate in the fixing of rates for piece-work.

The U.R.W. locals also have asserted that decentralization now taking place in the rubber industry has served to strengthen interest in seeking an industry-wide "master contract" to replace present single-company agreements, and thereby obtain comparable wages in all outlying plants.

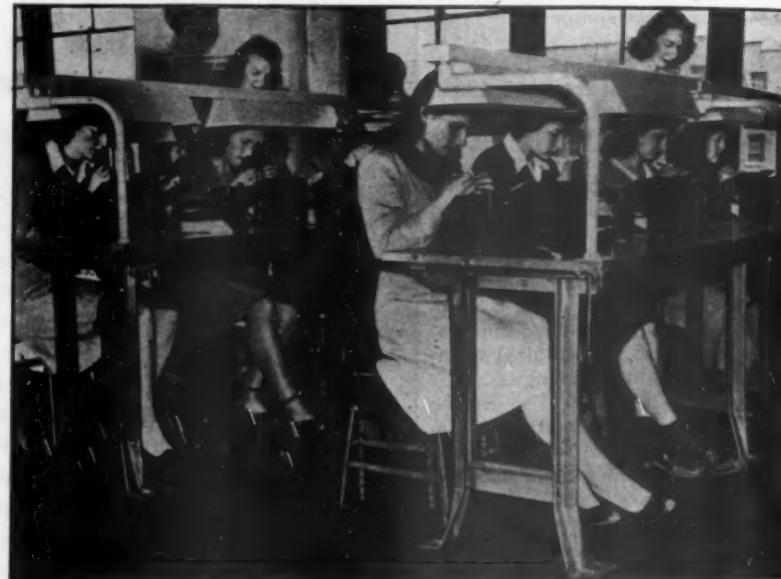
Checkoff Reversal

In this case, it's company that seeks it while the union is opposed. A.F.L. machinists are upheld after review by NWLB.

Maintenance of membership and the checkoff of union dues have been a sore spot for management since the National War Labor Board first ordered them incorporated into union contracts in 1941 (BW-Jul. 5'41, p7). Time after time management has opposed, labor demanded, not only m. of m. but also the checkoff.

• **On the Other Foot**—The shoe was on the other foot recently when American Steel Foundries, Granite City and East St. Louis, Mo., asked NWLB to order a checkoff of dues for employees, and the union, International Assn. of Machinists (A.F.L.), opposed the request. The board turned down the company's petition. The company had contended that granting m. of m. without the checkoff contravened usual board policy.

Back of the company's desire for the checkoff is its fight to keep its produc-



SHARING LABOR FOR WAR PRODUCTION

Stenographers and clerks of Prudential Insurance Co., Newark, N. J., now double on an assembly line for Radio Corp. of America. Ordered by War Manpower Commission to reduce its staff 10%, the company popped up with a plan for "leasing" space and workers to ease war production bottlenecks (BW-Mar. 31'45, p98). About 200 girls are being taught to make miniature tubes for electronic equipment. On the payrolls of both companies, they work two alternating four-hour shifts a day. WMC is content: RCA has raised its output 5% and hopes to get it up another 20% when the program is in full swing. And another insurance company is also adopting the plan.



Do "Sunday Bests" make them little angels?

Far from it! With healthy, active boys . . . even dress-up clothes must be able to take plenty of wear and tear from the first day they are worn. After they have graduated from "Sunday best" they must take even more of a beating in everyday use.

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Goldman, Sachs & Co.

May 1, 1943.



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Everybody's bedroom radio will be a musical alarm clock, too, when postwar mass-production makes them available to the millions.

This and many other promising developments "After Victory," due to the application of precision techniques that provide close-tolerance parts on a mass-production low-cost basis, will not only provide conveniences but also postwar employment for millions.

For more than 30 years, and particu-

larly during this war, we have specialized in meeting precision production problems.

If you have a wartime or a postwar precision problem, you might find it interesting to discuss it with us.

(Below) Some of the many thousands of our precision parts that help "Keep 'em flying and fighting."



Let's All Back The Attack—Buy EXTRA War Bonds

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tion lines for steel castings fully manned. Since War Manpower Commission "freeze" orders stopped workers from changing jobs at will, many have made use of m. of m. as a handy device to make possible a change in jobs. By failing to keep up payments of union dues, they have been able to force companies to discharge them. This has been true particularly in foundries and metalwork plants (BW-Jul.24'43,p94). An automatic checkoff prevents this; union dues are deducted by the paymaster before wage payments are made.

• **Against Union Policy**—The I.A.M. local rejected the checkoff as against union policy. It wants dues paid at regular union meetings, scoffs at the possibility of any member's dropping out of I.A.M. in order to force release by the company. I.A.M. members "prize their membership too highly to use expulsion from the union as a means of transferring to another occupation," the union argued before NWLB.

The attitude taken by the American Steel Foundries local of I.A.M. is one held by many other I.A.M. locals, and many of the older, firmly established unions within A.F.L., notably the International Ladies Garment Workers Union. Prior to the war the checkoff system was universally rejected in I.A.M.

• **I.A.M.'s Position**—The union argued that (1) the matter of dues payment should be voluntary, a monthly opportunity for a member to meet an officer and to express himself on affairs of his local; (2) the checkoff makes possible a disinterested membership; and (3) the checkoff deduction is a continued source of irritation for members whose paychecks already have been whittled down by tax, insurance, and other deductions. Many of the I.A.M. unions still hold to this belief; others in recent contract negotiations have demanded—and received—the checkoff.

The American Steel Foundries case reached the national board on an appeal from the Kansas City regional board's refusal to direct a checkoff for the company. The affected I.A.M. local has 183 members working for the company. They work alongside 4,000 members of a rival union who are under a checkoff.

MORE PAY FOR WOODSMEN

Under stabilization orders, wage increases in excess of the Little Steel ceiling may be ordered in "rare and unusual circumstances" if it is necessary for successful prosecution of the war. This loophole has been used several times, notably in the case of foundries (BW-Sep.23'44,p106).

This week the provision was invoked again, with the Detroit regional war labor board approving 10¢ raises

... (an hour) for Michigan lumbermen whose ranks had been dwindling dissatisfaction over low pay. The regional board's objective is to make lumber companies reduce as much as possible a huge lumber production

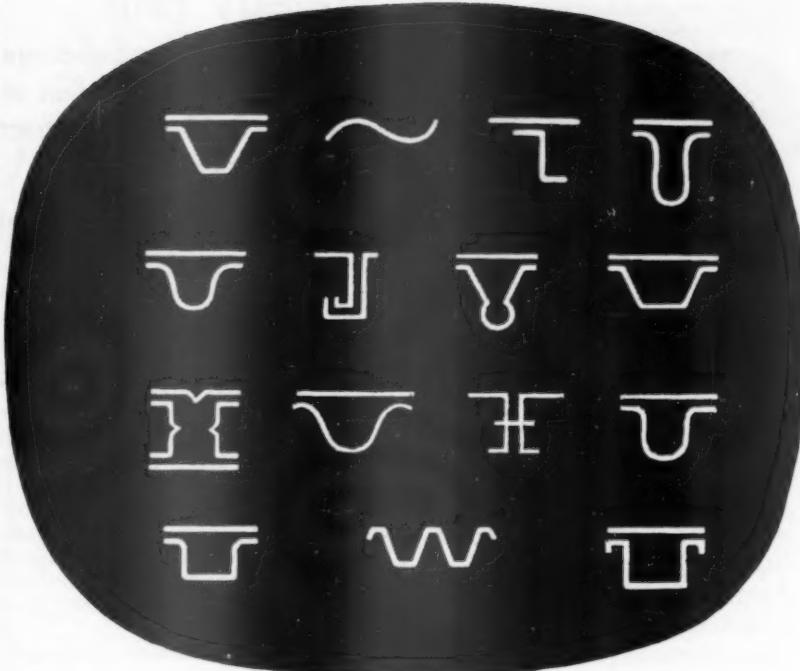
Coercion by Union

A second "escape period" agreed by NWLB for benefit of workers to whom local denied opportunity to resign.

Management frequently has run afoul of coercive tactics in labor disputes, and has been penalized for using the terms—or spirit—of collective bargaining. Much less frequently, the National Labor Relations Board or the National War Labor Board cracked down on a union for abuses. **Deliberate Interference**—Most recent of this type—and the first so far—has resulted in a second maintenance-of-membership "escape period" being ordered by NWLB for employees of the Timken Bearing Co. plants at Canton, Ohio, and Wooster, Ohio, on the basis of "intimidation" and "deliberate interference" by a United Steelworkers of America (C.I.O.) local during the first period last December.

NWLB granted maintenance of membership and the checkoff at Timken as part of its basic steel decision (Dec. 244, p16), and Timken members were given the usual opportunity to resign. However, local officials got busy. Resignations by members were declared invalid, and union leaders were told that the only way to withdraw was by a personal visit to the union office. There they were required to sign a waiver of retroactive rights, and were told that if signed they would be blacklisted by all unions.

Withdrawals—Result was that there were few withdrawals. Timken put the situation to demand cancellation of the m. of m. and checkoff. It refused, but recognized "coercive" tactics by the union by giving workers a second chance to withdraw. The board's new directive took the union to task for not taking its program of coercion of workers up with international officers of the United Steelworkers. In the Timken case, the international officers of the Steelworkers assured NWLB that the tactics by the local would have stopped immediately if they had been notified.



THESE queer hieroglyphics are not symbols of some forgotten language. They're sectional shapes or stiffeners used to obtain greater strength with lighter weight

in steel equipment. They spell the end of extra weight and bulk as a "must" for strength.

An old alphabet for new steels!

Designers often use stiffeners like these with ARMCO High Strength Steels. Whatever their size or shape, they enable a lighter sheet steel "shell" to carry more of the load in railway cars, trucks and buses, and other equipment. This lighter weight—without sacrifice of strength—assures safe high speeds and bigger payloads at less cost.

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These excellent properties of ARMCO High Strength Steels may be the means of improving your own products—the ones you're building now for war, or those you are planning for peace. The American Rolling Mill Company, 1271 Curtis Street, Middletown, Ohio.

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Strategy Fails

C.I.O. union members stage old-fashioned demonstration at Macy's but finally sign contract on the management's terms.

New York City, where the political consciousness of labor is fed from the headquarters of radical movements of all types and descriptions, once had unchallenged claim to the dubious honor of being the capital of union factionalism. Lately, however, the intense politicking in C.I.O.'s United Auto Workers Union has led Detroit management to believe that all factional activities were being concentrated in the motor city.

But last week an old-fashioned labor demonstration outside Manhattan's R. H. Macy & Co.—the world's biggest department store—proved that New York unionists hadn't forgotten their old tricks.

• **Dissatisfied With Leaders**—For months Macy management has been involved in negotiating a new contract with Local 1-s of C.I.O.'s United Retail & Wholesale Employees. Local 1-s is a left-wing group in an international union the officers of which are anti-Communist right-wingers. A group of Macy

employees, dissatisfied with what charged was the Communist leadership of their local, went to the international union for help in building an opposition bloc within the store.

As contract negotiations progressed it became apparent that the members of Local 1-s could not get any more from their members than the store originally offered to grant, the dissident group within the store began to a substantial following.

• **Strategy Fails**—Alarmed by a group of rank-and-file opposition, the local decided to make an issue of two men still unsettled in the negotiations. The men were union demands for a union after a 60-day waiting period and sick benefits to be payable from the first day of illness.

Leaflets were distributed to customers alleging that Macy had refused to grant wage increases and asked its employees to accept wage reductions. Union members were ordered to work no overtime, a demonstration was held. Local leaders tried to force the store to token grants sufficient to provide evidence that they were doing a job for the membership.

The strategy failed and the day after the demonstration Local 1-s agreed to a new contract on the company's terms. These include wage adjustments over \$400,000 annually, sev-

Golden Rule Must Bow to Union Rule

Religion must give way, at least temporarily, to a union contract in a San Francisco hotel owned and operated by Christ's Church of the Golden Rule, sometimes known as Mankind United. The National War Labor Board so ruled in directing the sect to continue to employ members of the Hotel Service Workers (A.F.L.) and Apartment & Hotel Employees Union (A.F.L.) in its Hotel Cecil for the duration of existing contracts.

• **Union Members Fired**—The church, listed as "a religious, non-profit corporation," took over the hotel on Jan. 1, 1944, making no immediate change in personnel, management, or type of operation. Later, however, it began to discharge paid union employees of the hotel and to replace them with "associates" of the church who, in the practice of their religion, work without compensation. The unions protested, and won support first from the San Francisco regional war labor board, then NWLB.

Both based decisions on the fact that when the sect took over the hotel it had "by a course of conduct" assumed the labor agreements originally entered into by its predecessor and the unions. Specifically, the board held that when the church first assumed control of the hotel and began adhering to terms of the union contract it had set its pattern for the entire life of the contract.

• **"Orthodox" Stand**—Since the agreement provides a union shop, the NWLB ruling means that employees must be members of one of the two A.F.L. unions. But NWLB complained that its directive should not be construed as ordering "associates" of the church to join unions, in conflict with religious commitment, nor as attempting to prescribe religious and economic practices for the church.

NWLB said its action was orthodox and unassailable: insistence upon full respect for the integrity of contracts. Industry members filed a routine dissent.

SHOULD MANAGEMENT BE UNIONIZED?

A Statement by General Motors

The National Labor Relations Board ordered a bargaining election among the foremen and other supervisory groups of a Detroit automobile company.

company is not a part of General Motors, but we are concerned with the principles involved.

confusing action by the Board is that it is sanctioning and promoting the unionization of management personnel, in spite of the fact that the National Labor Relations Act defines an employer "... any person acting in the interests of an employer directly or indirectly."

We are sure that Congress did not intend to approve unionization of management when it passed the Act. The results if applied throughout industry would be bad for the management groups involved, bad for industry, for labor, bad for America.

Bad for Foremen

We think it would be bad for foremen if American industry should be compelled to make a change in its present type of organization, which would unavoidably reduce the foreman's status, diminish his responsibility, authority and influence, deprive him of opportunities for personal advancement.

General Motors' foremen have always had important responsibilities and authority.

They have always guarded the status of our foremen, and have provided special training to improve their abilities, increase their efficiency and enhance their opportunities for promotion to even more important management positions. The great majority of General Motors' principal executives at one time were foremen.

We are convinced that it would be possible for a foreman to follow management and union leaders at the same time, and under conditions to carry on all his duties as they now exist. All elements of management must have a common objective.

It would obviously be impossible, for instance, for him as a fellow unionist and those under him, to perform his duties which relate to their working conditions, wages, promotions and agreements on the unbiased basis which is essential to good management.

Bad for Industry

From our experience both before and during the war, we are certain that

THE POSITION OF FOREMEN IN GENERAL MOTORS

In General Motors, foremen are the MANAGERS of their departments. They participate in establishing management policies in both production and personnel matters. They have full authority to approve or disapprove the hiring, to supervise the work, and to make work assignments of the employees under their supervision. They initiate wage increases, transfers and promotions. They are directly responsible for the efficiency and safety of their group. They have full authority when necessary to take immediate, appropriate disciplinary action for violation of shop rules, and other improper conduct of their employees. They are the first point of management contact and make the first management decision on all matters relating to the employees under their direction.

the accepted American method of spreading managerial authority and responsibility among foremen—so that management is in close, direct contact with comparatively small groups of workmen—is the best and only sound method of handling day-to-day relations with the thousands of employees engaged in modern mass production. Anything which would require a change in this set-up would interfere with employer-employee relations and with production.

For example, there have been many strikes in war production plants, particularly in Michigan. Charges have been made that workmen have been loafing in plants engaged in war production and that they are being paid high wages for not working. We are conscious that the public feels that there must be something wrong. The attempt to tear down the position and authority of foremen and to unionize members of management is importantly contributing to this condition.

Bad for Labor

As a matter of fact, the close-contact method is about the only way that management and labor can work harmoniously together in large organizations.

Much is said these days about cooperation. It would be a serious handicap to any hopes for teamwork and the pursuit of common interests, if anything were done to remove this facility for knowing and understanding each other.

It is our firm, sincere belief that loss of this close contact would make harmonious relations between management and labor almost impossible and would interfere with practical collective bargain.

Bad for America

The removal of foremen from their present position as a vital, integral part of management would require reorganization of factory management on a basis far more complicated and decidedly less effective. Necessary factory discipline would suffer, worker efficiency would be impaired.

We believe the effect on you—on the public as a whole—would be very real. It would interfere with the war effort. It would make war materials cost more.

It would slow up postwar reconversion to civilian production.

It would delay adequate postwar output of cars, refrigerators, ranges, furniture—all the things people need so much and have waited for so long.

Finally—and, in the long run, perhaps most important of all—it would so increase production costs as to boost prices and the cost of living, and make the problem of reasonably full employment much more difficult.

Action Called For

When people have as deep a conviction about anything as we have about unionizing management, they ought to do something about it.

If the meaning of the National Labor Relations Act can be so confused as to promote unionization of management—and thus impair the effectiveness of the American production system of which we are all so proud—then the meaning ought to be cleared up.

General Motors believes—and hopes others will feel the same—that it is a patriotic duty, a duty to the foremen, to industry, to labor, and to the public as a whole—to oppose the unionization of management by every proper and lawful means.

That is our intention.

GENERAL MOTORS



IT'S Spring IN SOUTH CAROLINA !

Azaleas are blooming; the fragrance of jasmine and wisteria fills the air; flaming redbud and the white of the dogwood give vivid contrast in woodland color. A plowman calls to his team; "bob-white" whistles to his mate in the meadow. All life is a-stir. There is hope in the air. It's spring in South Carolina.

Nor is this renaissance confined to the realm of nature. South Carolina is at the beginning of a new development age. With a record of important agricultural production extending back to the Seventeenth Century, the Palmetto State in recent years has also made impressive growth along industrial lines. Rich farm lands, diversified crops, a wealth of natural resources, a friendly progressive people — all hold bright promise for the future of the state.

In industry, agriculture and commerce the "State of Opportunity" affords fertile soil for your sowing... Now is the time.

It's spring in South Carolina!

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RAILWAY

THROUGH THE HEART OF THE SOUTH

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pay, and the establishment of a shop but with the important proviso that no employee can avail himself of the arbitration clause of the uncontract until after he has been on payroll for 4½ months. Sick leave will, as formerly, begin on the day of illness.

• **Just the Start?**—Caught in a factious squabble, Macy management had no alternative to just sitting it out. Can it be assumed that the trouble over. With the breach within 1-s opened, Macy's may become a battleground for the left-wing and right-wing to fight it out for position within C.I.O.'s distribution organiza-

STRIKER'S JOB ASSURED

When Arthur Babbitt, former Disney cartoonist, is released from the Marine Corps he'll have a job waiting for him at Walt Disney studio in Burbank, Calif.

That was the effect of the U.S. Supreme Court's refusal recently to review a National Labor Relations Board order directing Walt Disney Productions to rehire the man. Babbitt participated in a strike at the animated cartoon studio four years ago (BW-14'41, p46). While the question whether he was to be rehired was pending, Babbitt joined the Marines.

P.S.

Year-end and Christmas bonuses may not be figured in with hourly rates paid before computing amounts due employees under applicable brackets. In comparable work in the area, the National War Labor Board has ruled ordering Cobb & Drew Co., Kingstown, Mass., to increase rates 5¢ an hour despite the company's contention that a 100-hour Christmas bonus and a year-end bonus bring its rates over a bracket rates. . . . Sick leave, vacation and similar contract privileges may be "traded" by workers for a wage increase of similar monetary value, if a pay raise is not permissible under wage stabilization, NWLB has held in a case involving the Fansteel Metallurgical Corp., North Chicago, Ill., and Industrial Guards Union (A.F.L.). Labor-management cooperation to reduce production costs and avert threatened shutdown due to reversion has been worked out in a Kansas City regional war labor board case involving the Wood Bros. Thresher Co. and 200 union employees. The board approved a six-month agreement for management to shave its executive payroll \$100,000 a year and by the unions to accept elimination of an incentive wage system (cost to workers: 5¢ to an hour in pay).

THE WAR AND BUSINESS ABROAD

Special Report from Business Week's Foreign Editor, now in Europe

BUSINESS WEEK
MAY 5, 1945



PARIS—Shattered Germany presents a picture that is full of contrasts.

Great cities like Cologne are rubble heaps with no more than a few thousand people picking their way through streets where once swarmed millions.

Yet at least one of I. G. Farbenindustrie's great chemical plants along the Rhine remains almost completely intact and sufficiently stocked with raw materials to resume production as soon as power and labor are available.

Farther south, in Mannheim, the Daimler-Benz automobile factory was found not only intact but awaiting only the throwing of a power switch to start truck production. **In the first week after the switch was thrown by American operators, it turned out 81 trucks.**

In this plant, Russian women prisoners had been handling enormous drill presses. All factory signs were lettered in three languages—Russian, Polish, and German. **Large supplies of Japanese-made tires were found in the factory stockrooms.**

German equipment captured by the American Army has proved to be of excellent quality.

Locomotives, known to have been built since the war started, are efficient in design and made of good materials.

Freight and gondola cars on German tracks are larger and sturdier than those found in most European countries.

Aluminum alloy airplane parts captured at plants along the southern Rhine turn out to be of high quality, and big stocks of them are available.

With the aid of Allied army officials, Germany's foreign workers are being rapidly lined up for repatriation.

Along every main highway in the Reich, in large buildings that have escaped destruction by bombs and battle, "displaced persons" are assembled and fed until transportation can be provided to carry them home.

Truckloads of French workers pass regularly through Paris to the cheers of the populace.

In contrast with the scenes in France, German women in the Rhine valley stand weeping as long trains loaded with Wehrmacht prisoners pass through the towns on their way to swell the Allied prison camps. **From these camps, Germany's "human reparations" will be drawn for work in the lands that the Wehrmacht has destroyed.**

France is outwardly calm and French business is slowly moving back into normal patterns.

Crops have been sown and are developing favorably. In some areas, American soldiers have been voluntarily helping in the spring planting during their hours off duty.

In the case of wheat, the harvest will depend importantly on the arrival of agricultural equipment purchased by the French in the United States under the recent supply agreement.

French industry generally may be said to be operating at about 35% of normal, but an increasing flow of raw materials under a liberalized shipping

THE WAR AND BUSINESS ABROAD (Continued)

BUSINESS WEEK
MAY 5, 1945

program would soon boost the percentage—if adequate coal can be obtained for creating electric power.

It will probably require up to three months to clear the channel to Bordeaux, where the port is to be operated exclusively by the French for handling civilian supplies. However, Allied military authorities are rapidly turning over berthing space at other ports which have hitherto been strictly reserved for military supplies.

Beyond the political uncertainty—in no wise cleared up by last week's municipal elections—three problems must be dealt with before France can return to anything close to its former economic life:

(1) **Coal supplies** must be made sufficient to fill military requirements without cutting into the mounting civilian need.

(2) **Transportation** must be restored to a point far above present levels.

(3) **The black market** must be broken and the **foreign exchange value of the franc** adjusted from its present artificial rate to some realistic level at which foreign trade can be resumed.

While the military demand for coal will ease with Germany's defeat, French authorities are vociferously demanding that production in Germany's Rhine-Ruhr mines be restored as fast as possible and turned completely into military or French civilian channels to alleviate the present situation.

However, long-term plans for operating German industry await the decision of the occupation authorities—in this case, the British.

While transportation facilities, including both railroads and inland waterways, are rapidly being turned back to the French, the Army is necessarily holding on to its priority for military supplies.

The Army's demands are unlikely to shrink importantly for many months, since right of way must be assured for:

(1) Supplies for the U. S. Army of Occupation.

(2) Redeployment of men and surplus materials to the Far East or back to the United States.

Black market operations in France probably cannot be attacked seriously until a flow of goods begins to reach consumers.

Longest queue seen in Paris this week was in front of a hosiery shop where women waited anxiously with stocking coupons to buy the one pair of hose allowed each customer.

A month's official supply of rationed food barely meets a week's requirements. Beyond this, all purchases must be made in the black market.

Women's cotton and rayon summer dresses in the less expensive shops on the Champs Elysees are priced at \$40-\$60.

France's municipal elections of this week—first important balloting since 1935 and first time women have ever voted—**provide no significant clews to the real long-term trend in the nation.**

Not until the prisoners-of-war and the deported workers have all returned to make their influence felt in the elections that will come after the bulk of the Allied troops have been withdrawn will we get a true indication of where France is going politically.

Soviet Rail Epic

After unprecedented job of rebuilding and expanding lines to meet war's exigencies, Russia is mapping projects.

MOSCOW—Soviet railways—bearing the brunt of military supply, particularly during Russia's "roadless" seasons—not only amazed the skeptical outside world by their war performance, but earned praise, bonuses, and medals from Moscow.

• **Formidable Obstacles**—Soviet railroaders faced and surmounted formidable obstacles during the last four years. When the battlefield severed vital north-south rail links, new ones were hastily completed (map). One short emergency line, built from both ends at once, evacuated 1,300 locomotives and 6,000 loaded oil tank cars that the Germans had pocketed. Lines built or completed during the war measure more than 2,500 miles.

In addition to the inescapable duty of supplying a front that sometimes stretched 2,000 miles, the railroads evacuated 1,000,000 cars of equipment and supplies and millions of refugees ahead of the German advance and maintained vital movements of raw materials and finished products to the continent-wide civilian and industrial rear.

• **40,000 Miles Rebuilt**—In the two-and-a-half-year advance from Stalingrad to Berlin, the Soviets rebuilt 40,000 miles of right of way. Not only were most of these miles twice-scorched—by both Russians and Germans in retreat—but the wide-gage line that had been narrowed by Wehrmacht engineers had to be widened again.

Significantly, not only the more than 20,000 miles of recaptured Soviet lines have been widened (to Russia's customary 5 ft.) but also all the lines which supplied the Red Army on its sweeping advance across Rumania, Hungary, Austria, Czechoslovakia, Poland, and eastern Germany.

• **Rolling Stock Saved**—Part of the secret of Soviet war transport lay in the fact that successful evacuation of rolling stock permitted intensified operations on the two-thirds of the nation's lines that were untouched by battle. Today, captured enemy standard-gage equipment is being speedily converted for use on broad-gage track by mobile hydraulic presses for setting wheels on wide axles.

With victories lengthening supply lines, lend-lease and new Soviet production have been of critical importance in maintaining the flow of goods to the

front. By the end of February, 1945, lend-lease had shipped 1,355 steam locomotives (just over one year's output of either country before the war and about as many as have been sent to France), 50-diesel-electric locos, and about 10,500 cars—mostly flats but including 100 tank cars and 24 heavy machinery carriers.

• **What the Soviet Had**—The U.S.S.R. began the war with about 29,000 locomotives and 700,000 freight cars serving 60,000 route miles (1941 figures for the U. S. were 44,000 locomotives, 1,775,000 freight cars, and 232,000 miles of line).

German "desert zone" tactics in re-

treat left little more than the roadbed on which to rebuild. Ties were systematically halved by a drag-hook (BW—Mar. 11 '44, p50); rails were mangled by explosives placed at joints; bridges were blown out by large charges at embankments (necessitating much fill-in); and telegraph poles were broken off by small charges tied on at shoulder height and detonated.

• **Repairing the Damage**—Russia's forests supplied new ties and poles. Lend-lease shipped rails to add to what the Soviets produced and reclaimed. Repair of 2,100 bridges (some more than a mile long were erected in a fortnight) had to be fast to support Red Army

SOVIET LIFELINES

Built for war, new rail links speed reconstruction



Most important of Soviet war-built railroads were those which helped win the battle of Stalingrad. Late in 1942 Russia's last rail link with the Caucasus (and its oil) was cut by Germany. But the line from Kizlyar to Astrakhan along the Caspian was completed (the first train crossed on temporary tracks over the frozen Volga) and two lines were laid to the east bank of the Volga behind Stalingrad. The final link with the north was short, near Kazan. When both the Donets and Moscow coal fields were lost, the last miles of the far-north line to Vorkuta were built to tap a new coal field (BW—Dec. 11 '43, p44). The 400-mi. connection from Magnitogorsk to Akmolinsk brought another coal source, the Karaganda field, 700 mi. nearer the Urals steel mills.

advances. One favorite technique, which saved time and steel, was as follows: Two rows of piling were driven in shallow river beds, beams laid end to end along them, and ties and tracks in prefabricated sections superimposed to finish the job.

Although only a part of the 2,500 miles of railway built during the war fulfills earlier plans, the lines projected before the war will be pushed to completion along with necessary reconstruction in devastated areas. For this, Moscow is frankly anxious to obtain substantial aid from abroad. A small part may come from reparations.

• **Electrical Equipment**—The biggest single need from the U. S. will be electrical railway equipment, for which negotiations are already in progress. Before the war, although less than 14% of new capital expenditure was budgeted for railway expansion, the Soviets relied mainly on their own capacity for steam locomotives (2-10-2 Felix Dzerzhinsky and 2-8-4 Joseph Stalin engines) and rolling stock. It remains to be seen whether the needs of Russia will require, and the conditions of credit and trade will permit, a postwar deviation from this pattern.

Exports Shift

Britain, in rebuilding trade, puts emphasis on new materials and techniques. Downward trend of five years is reversed.

American business, now in the throes of an internal struggle over renewal of the Reciprocal Trade Act, is watching closely the progress British industry made during 1944 in rebuilding its export trade, as well as the changes which are occurring in the composition of export trade.

• **New Materials**—Highlights of this important picture include: (1) marked gains in machinery exports, especially to the Soviet Union; (2) new materials and techniques in rayon textiles manufacture; and (3) an evident shift in the export trend to technologically advanced items for which British skills are well adapted.

As revealed in the latest Board of Trade analysis, total British exports in 1944 (excluding re-exports and munitions) were not back to 1942 levels, but the downward trend of five years (BW-Dec. 9 '44, p113) had been definitely reversed and export values had risen from the 1943 low of £233,000,000 to £258,000,000—a gain of \$100,000,000.

While in terms of volume this involved an increase from only 29% to

31% of 1938 volume, it was an increase from 49% to 55% of the value of exports during the last peacetime year.

• **Less to Latin America**—More significant were the shifts in markets and the strength shown by certain commodity groups. Exports to every major unoccupied area except the Western Hemisphere rose—to Russia by £14,000,000; to the Middle East by over £2,000,000; and to British countries by £20,000,000, with India, Australia, New Zealand, and South Africa all showing substantial increases.

The decline in shipments to the Western Hemisphere came almost entirely in exports to Latin America, falling from about £23,000,000 to £11,000,000. This drop, taken in conjunction with gains made in countries along the Mediterranean-Empire shipping route, has suggested the possibility of an unwritten agreement between Washington and London to carve up world markets. Rational allocation of scarce shipping certainly altered wartime trade patterns considerably and may have important postwar trade implications.

• **Machinery Is First**—Of all the commodity groups in British trade, machinery registered the most important gain. Exports rose 46% above 1943 to reach £41,000,000 and to become the largest single category in the export list.

A great, but unspecified, part of this increase resulted from shipments to Russia, but there were also substantial gains to Egypt, Iraq, Iran, and India. While these shipments of machinery were only 42% of the 1938 level by volume, they indicate considerable resiliency in British industry, especially when account is taken of the demands made on it for recent military operations in western Europe.

At the same time, the electrical goods and apparatus group showed an increase of 15% and was almost back up to 1938 values, with Indian purchases 75% above 1943. Vehicles, in turn, registered a 34% gain, with exports to Australia three times as great as in 1943.

• **Above 1938 Level**—Chemicals, drugs and dyes, and silk and rayon yarns and fabrics topped 1943 figures and constituted the only manufactured goods categories in which values were above 1938. Largest gains in the chemicals group were made in India, Egypt, and the U. S., while rayons gained notably in South Africa and Australia.

Britain's ability to push exports in a promising field like synthetic textiles has been highlighted recently by announcement of a new fiber and a new high-speed knitting machine. Imperial Chemical Industries, Ltd., has developed a new synthetic, known as "Ardil," a wool-like fiber made from peanuts. While not in volume production, it is

San Francisco Sidelights

Possible tip on how long the United Nations Conference will run: At the famous Bohemian Grove, 75 miles from San Francisco, the Bohemian Club of San Francisco expects to entertain Army busloads of delegates and other notables on Sunday, May 27.

Henry J. Kaiser was seated prominently at the opening session of the conference. Correspondents connect this with the story that a State Dept. agent, sent out in advance, combed the Coast for a car sufficiently impressive to carry the Secretary of State and his seal, found that Kaiser had one, and got it.

The much-publicized ship that provides the Russians with their own communications system between San Francisco and the Kremlin had an unpublicized brush with the U. S. Navy. After being assigned a particular area, it moved in the night to another to which the Navy objected. The matter had to go to Washington where it was straightened out by a compromise. (The ship moved a little again.)

Indian Nationalist representative at the conference is Mrs. Vijaya Lakshmi Pandit, sister of famed Jawaharlal Nehru and, like her brother, a frequent political prisoner in India. The Nationalists say that London's willingness to permit her trip offers a nice illustration of how smooth the British will be in handling their cause at San Francisco.

expected to have commercial possibilities, especially when mixed with wool, cotton, or rayon.

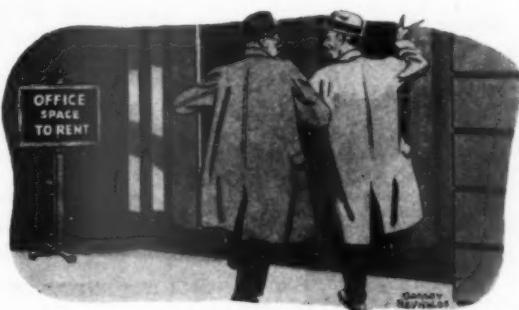
• **Faster Knitting**—Of greater significance, perhaps, is the radical tricot knitting machine sponsored by Courtaulds, Ltd.—also due to build the world's largest rayon mill after the war (BW-Dec. 16 '44, p111). Operating at 1,000 motions a minute, this machine is said to have twice the speed of existing equipment and will undoubtedly have a favorable effect on the competitive position of the British rayon knit goods trade.

Add these export trends and technical developments to the suggestion of Sir Raymond Street, president of Britain's Cotton Council, that the cotton textile industry begin shifting to rayon, and it appears that the British will rely for postwar exports on products such as

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Who decided on expansion
To new quarters like a mansion.



2 Though their search was wide and far
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Till at last they made a find —
Just the place they had in mind.



3 Took one floor — and then a second;
For, as they so wisely reckoned,
They'd outdistance competition
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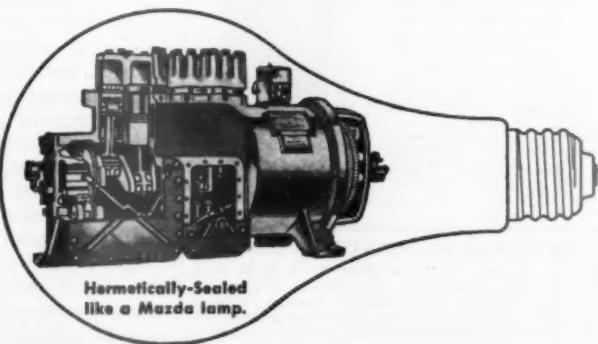
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BW. 5-5-45

rayons, chemicals, electrical goods, and specialized machinery, in which their productive efficiency is relatively high, rather than on traditional staples like coal and cotton goods, where their efficiency is notoriously low (BW—Aug. 5 '44, p34).

This evolving export pattern may prove as important an element as shrewd trading in Britain's bid for post-war world markets.

CANADA

For the Transition

Ottawa sets up a group to guide Canadian industry through reconversion period. Formidable problems are already apparent.

OTTAWA—With events in Europe at a climax, Ottawa has set up a top-ranking interdepartmental committee to coordinate and streamline Canada's reconversion to a peacetime economy.

• **Major Agencies Represented**—Representing all major agencies involved in reconversion problems, the committee will include J. G. Godsoe, chairman of the Wartime Industries Control Board; Donald Gordon, chairman of the Wartime Prices & Trade Board; Arthur MacNamara, director of National Selective Service; W. A. Mackintosh of the Dept. of Reconstruction; Louis Rasmussen of the Foreign Exchange Control Board; and probably others.

A preview of committee policy was given to the Toronto Board of Trade last month by Godsoe. While warning that no wholesale removal of wartime controls would come with Germany's fall—rubber, lumber, and passenger automobiles will remain on the proscribed list—he predicted early revocation of all controls on steel and most nonferrous metals, and announced that the government has already authorized certain industrial projects of a postwar nature, particularly for export industries.

• **Problems Ahead**—Unless stymied by lack of essential United States components, the new committee may be expected to pilot Canadian industry through a rapid reconversion schedule. Even if U. S. military contracts are cut back at the same rate in Canada as at home, in accordance with WPB plans, indications are that cancellations in Canada's total military program may be unavoidably deeper than in the U. S. (Foreign orders in Canada constitute 80% of current war production.) Deep

cutbacks will permit resumption of civilian production of many durable consumers' goods.

Nonetheless, some thorny problems face Canada's planners. Already disturbed by widespread but ill-informed criticism of Canadian meat policy, Ottawa officials are fearful that Canada's resumption of civilian goods production ahead of the United States may lead to even more serious recriminations.

• **Must Have Components**—More concrete difficulties would be faced if United States war production remains at forecast levels and Canada is unable to obtain the components needed from U. S. sources to carry out its reconversion to peacetime production.

Frustration of committee plans may come, too, as a result of the imminent Canadian general election. Maintenance of even limited controls will furnish ammunition to government opponents and the result may be politically expedient relaxations which could lead to serious distortions of the national economy.

CANADA EAGER TO BUILD

Canada's building backlog has planners predicting an acute postwar shortage of labor in the construction industry. Toronto, already committed to a subway project, can spot \$60,000,000 worth of building—exclusive of private housing—awaiting the war's end.

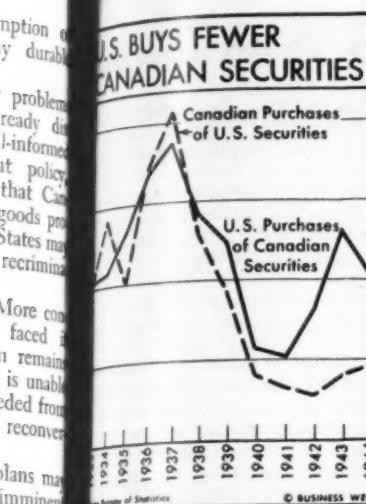
A dozen new hospitals will take \$13,000,000; schools will cost \$10,000,000 and the University of Toronto's chemical engineering and chemistry school will account for another \$5,000,000. The rest of the total is made up of hotels and apartment hotels (\$10,000,000—the largest to cost \$3,250,000); Bank of Montreal regional head-office, \$3,000,000; motion picture theaters, concert halls, and radio studios, \$5,800,000; and other commercial and office buildings, between \$5,000,000 and \$10,000,000.

SPECULATION CURBED

TORONTO—The "drill hole" market—so named because the current mining stock boom rests chiefly on exploratory drilling claims—has scared the Toronto Stock Exchange into putting on the brakes—but only gently.

In recent frantic trading in penny stocks, the exchange broke all-time unit sales records, and brokers' staffs labored deep into the night. This situation has eased somewhat now that the exchange has (1) terminated trading on Saturdays, and (2) raised the minimum value of stocks which can be carried on margin from \$1 to \$2.

It was an easy-money market that



More companies faced it in 1944. It remains unable to be succeeded from reconversion. Plans may be imminent for maintenance of supplies. It is expedited to send economy to the U.S. BUILD. It has planned for short-term industries. It is expected to be \$1,000,000 of private companies. It is \$13,000,000 of chemicals. It is \$3,000,000 elsewhere brought the flow of capital to \$115,000,000.

It put the public onto the floor and board rooms crowded with speculators who previously had never owned, or sold a share. Standout were Quemont—an operating company with rich assays—which rose 40% on Mar. 6 to \$8.20 twelve cents; and Eldona, which went from 50¢ in a week. Old-line brokers, fearful that these antics, created by opportunist share-pushers availability of wartime hot money, fearing a government crackdown and of a Canadian Securities & Exchange Commission, do not like the stock. Besides, they have little money in large turnover (share trading hit 6,000,000 on Apr. 12, three times the normal Toronto average) when excess-profits taxes cost of the gravy. Last week trading returned to a rate of 2,000,000 daily. (In New York this week, after Business Bureau issued a warning against Canadian wildcat minuscules.)

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THE MARKETS

(FINANCE SECTION-PAGE

Wall Street, for obvious reasons, has been keeping its eyes glued to the news ticker this week. As is generally the case in periods of uncertainty, many investors and traders have already started to permit newspaper headlines to override normal investment factors in dictating their next market moves.

• **Zig-Zag Course**—As a result, stocks have been following an indecisive zig-zag course, marked by alternating selective rallies and retreats, ever since Monday's recording of another new eight-year high by the market as a whole.

No real selling pressure, however, was uncovered in the broad and active trading sessions on the Big Board in the first half of this week. Price changes have likewise been relatively narrow despite some fairly persistent liquidation by the "nervous Nellies" who can always be depended upon to lighten positions when portentous events are nearing a climax.

• **Getting Off the Fence**—All offerings have been readily absorbed. Also, brokerage circles claim (as appears confirmed by the new highs reached Tuesday by General Motors, Chrysler, Standard Oil of N. J., and other issues of that type) that substantial purchases are now being made of the higher-quality shares by many hitherto on-the-fence investors. These, it is claimed, have finally lost their earlier reconversion fears.

Equally noticeable, the same sources report, has been a brisk volume of profit-taking sales involving switches from shares of war-benefited companies into other stocks picked for their more favorable peacetime prospects.

• **As Many See It**—Many Street market analysts, consequently, can't be blamed for regarding this week's reactionary

phase as largely due to technical reasons. To more than a few, in fact, the drop looks surprisingly small in view of the rapid rise scored in the few days since Harry Truman became Pres.

Even Wall Street's most bullish followers, however, realizes that prices can't continue to go up day after day uninterrupted. From past experience, it is known that board room psychology, now apparently optimistic, now pessimistic, can change abruptly.

• **Closely Watched**—Every move of the market is thus now being watched closely. Many sales and switches to improved investment portfolios, for example, continue to be suggested, even though brokers admit seeing anything in fundamental market factors apt to precipitate any broad or serious wave of liquidation.

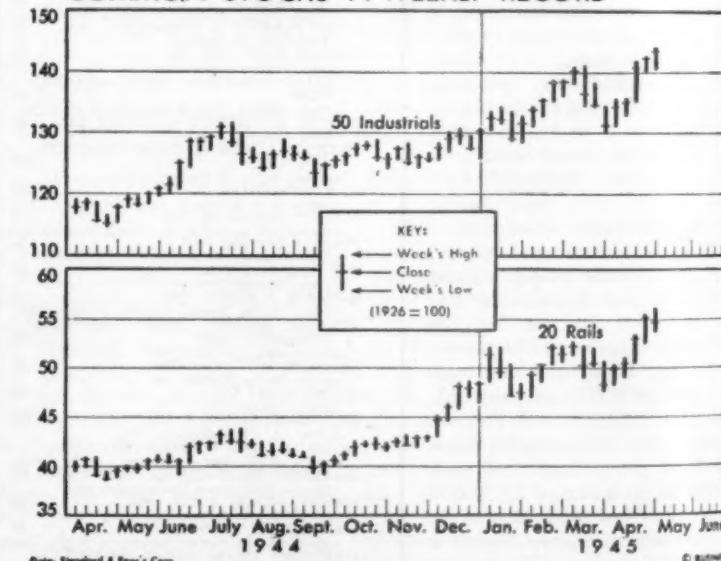
The new issues market, which completed its busiest April since 1937, continues to be an active affair. Despite Germany's collapse and the sticking of many recent issues (BW-Apr. 21, p118), its schedule this week calls for the offering of some \$150,000,000 in new bonds and almost 700,000 shares of new preferred and common stocks.

Security Price Averages

	This Week	Week Ago	Month Ago
Stocks			
Industrial	143.7	142.6	134.4
Railroad	54.7	55.2	49.9
Utility	66.0	65.5	60.7
Bonds			
Industrial	122.3	123.0	123.2
Railroad	115.0	115.2	114.9
Utility	116.4	116.5	116.4

Data: Standard & Poor's Corp.

COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

THE TRADING POST

the Future

probable postwar role of advertising in the stimulation of desires for knowledge and ideas, as well as commodities, has been discussed (BW-Mar. 3 '45, p119).

ing to sell a product. It is selling a vision of the future, and seeks through newspaper advertisements from coast to coast, to stimulate the concern of every man and woman who is interested in the future welfare of today's boy.

This is but one of many recent ex-

This is the last Trading Post that will be closed by the familiar initials, "W.C." identifying the page with Willard Chevalier, who has been Publisher of *Business Week* since 1938. With this issue, Colonel Chevalier moves one floor away from his old office to become Executive Assistant to James H. McGraw, Jr., President of McGraw-Hill Publishing Co.

Paul Montgomery, who has been Manager of Business Week since 1934, now becomes Publisher of the magazine and takes over the full operational duties of that post.

The change in the family council of McGraw-Hill Publications leaves the job of this page unchanged. It will continue as a "trading post" for the exchange of ideas among reader-members of the family who speak out in letters to the Editor and for the discussion of ideas set forth in books and other sources of helpful reading intended to guide management men in meeting the great and small issues of the times.

help improve world conditions and, as a byproduct, increase the potential market for its goods.

Great successes in the marketing of material things have been scored by those firms which have presented persuasively the facts about goods that promised a better life. But advertising fails in its fundamental function if it simply says that a commodity is available or is desirable. It must assist in convincing people that the product is an essential to good living.

The preliminary phases of peace promotion have been completed. It is now necessary to convince us that peace is desirable. But advertising can help prove that it is a necessity.

Once this has been done, the people will not have to be told how to achieve it. They have proved, long before now, that they are capable of getting that which they believe is necessary to their well-being.

W.C.



Save precious man-power

WITH millions of men away, jobs must be filled by women, older men or workers incapable of lifting heavy parts on production and assembly lines.

Perhaps the work calls for continuous lifting of heavy tools or of parts into and out of machines. Whatever the lifting job, a 'Budget' Electric Hoist is the perfect answer.

Why waste human energy in lifting when this small hoist permits the worker to use all his energy for more production at much less cost?

'Budgit' Hoists protect the worker from danger of sprain, rupture or strained back. They are safe to use, for two automatic brakes hold and control the load and the load hook stops automatically at the highest and lowest safe positions.

Check your plant now for spots where low-cost electric current can substitute for human strength with great savings to you and less drain on your workers' energy.

'Budgit' Hoists are portable, electric hoists with lifting capacities of 250, 500, 1000, 2000 and 4000 lbs. They are priced from \$1.19 up. For further details, write for Bulletin No. 256.

'BUDGIT'
Hoists

MANNING, MAXWELL & MOORE, INC.
MUSKEGON, MICHIGAN

THE TREND

MEMORANDUM TO PEACEMAKERS

The world's dead in the fighting that started in 1939 are uncounted, except by those who loved them. But, for a conservative estimate of their number, you can take the Metropolitan Life Insurance Co. figures—8,000,000 killed in action or died of wounds to the end of 1944. To these it should be safe to add 500,000 for the bitter months of 1945.

- That matches the 8,500,000 that the world lost on the battlefields of the first World War. Total, so far: 17,000,000.

Break it down.

The United States—our own sons: 205,000 dead by official figures that end with March; 126,000 dead the last time we fought abroad (and 553,000 wounded, 93,000 missing, 98,000 prisoners this time—through March, plus 234,000 wounded, 4,500 prisoners and missing last time).

Germany and Russia, hardest hit according to the Metropolitan's estimates: nearly 3,000,000 each in this world war, added to 1,750,000 each (as reported by the U. S. War Dept.) killed in the last one.

The British Empire: 325,000 this time; more than 900,000 last.

France: 150,000 this time; more than 1,300,000 last. Italy: 250,000 this time; 650,000 last.

Make what you can of the fact that the last three will have paid less dearly in lives for the Second World War than for the First; that central and eastern Europe's soldier death-toll for this war has dropped far below the First World War's total of almost 2,000,000 (including 325,000 dead in Turkey, which has kept out of it this time); that Belgium, the Netherlands, and Norway will not greatly swell the current cost of conflict.

Then turn east and see Japan's 650,000 dead by the end of 1944—against almost none last time. And face China's slain—perhaps 250,000 since 1939, but more than that in the earlier years when China fought alone.

Then remember that soldiers, too, die by disease—in the pestilent tropics, in the winter fogs of northern Europe. So far in this war such military losses have been small, and they were small among most armies of the last war, though they ran to millions among the Russian soldiers of 1914-1918. They will probably mount higher in the military prison camps of this conflict than they did in those of 1914-1918.

- But, at this point, we have made only a start on the grim accounting, and it will still be only a start when some V-J Day lets us strike a grand total of the military dead of these two world wars.

There are the wounded. The number of them to date in this war has not been estimated. But the total military mobilization of 65,000,000 men in the last world conflict

has been exceeded this time, and 21,000,000 came out of the last war with battlefield wounds. How many come out of battle and prison without wounds but their usefulness to society impaired or destroyed by mental shock is past estimating.

And there are the civilian losses. Civilian deaths, disease and starvation attributable to the war ran the millions last time; history claims that their total side Asia was comparable with the military death toll. It will be a long time before history can marshal the statistics for this war, but there are ominous data from death camps of Poland and Germany. Civilian losses from bombing, shelling, and military execution are questionably far greater this time than they were in last world conflict.

- Yet this is not the end of the accounting. Throw in with the lives and the pains of the stricken, with the losses of those left lonely, and the longings of those separated from home, a war cost to the world since 1939 which has already amounted to more than \$800 billion of productive effort.

Total dollar cost of the last world war and its aftermath—from mid-1914 to mid-1920—was something like \$200 billion. The comparable total this time is also certain to be over a trillion. (It could be put at a trillion now if we wanted to be a little less conservative in handling the difficulties of wartime conversion rates, foreign currencies, and the comparison with the last conflict will be sharper if we remember that prices are slightly lower in this war.)

- For the United States that significant dollar cost of war in the five years and nine months since Hitler invaded Poland has been \$275 billion—\$260 billion since Pearl Harbor. Six years of the last war and its aftermath (to mid-1920) cost us \$27 billion, in addition to which we lent something less than \$10 billion to our allies. In order of absolute, rather than relative burden we lead the belligerents this time, with Germany coming next at \$200 billion (but perhaps \$40 billion more than constituting a drain on occupied countries), followed by Great Britain with over \$100 billion, Russia with almost \$90 billion, Japan with a war effort amounting to \$40 billion or \$50 billion.

Add property damage beyond anything we knew in 1914-1918. Add a population loss due to a reduced birthrate (in both conflicts). Add all that is to come in death, pain, sorrow, and effort—and all the aftermath of that.

Then shall we add a Third World War?

The Editors of *Business Week*

BUSINESS WEEK • May 8, 1945

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